



Reprinted
February 20, 2015

SENATE BILL No. 373

DIGEST OF SB 373 (Updated February 19, 2015 2:06 pm - DI 101)

Citations Affected: IC 4-6; IC 24-4.5; IC 24-11.

Synopsis: Funding of lawsuits. Establishes a procedure by which a company may provide funding to the plaintiff in an action in exchange for the contingent right to receive a part of the potential proceeds of the action. Requires a company that offers funding to plaintiffs to register with the attorney general.

Effective: July 1, 2015.

Head, Young R Michael, Taylor

January 12, 2015, read first time and referred to Committee on Judiciary.
January 12, 2015, reassigned to Committee on Civil Law.
February 9, 2015, amended, reported favorably — Do Pass.
February 17, 2015, read second time, amended, ordered engrossed. Returned to second reading.
February 18, 2015, engrossed.
February 19, 2015, re-read second time, amended, ordered engrossed.

SB 373—LS 7353/DI 106



Reprinted
February 20, 2015

First Regular Session 119th General Assembly (2015)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2014 Regular Session and 2014 Second Regular Technical Session of the General Assembly.

SENATE BILL No. 373

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

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

- 1 SECTION 1. IC 4-6-2-13 IS ADDED TO THE INDIANA CODE
2 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
3 1, 2015]: **Sec. 13. The attorney general may adopt and enforce rules**
4 **under IC 4-22-2 that are necessary to carry out IC 24-11.**
5 SECTION 2. IC 24-4.5-1-202, AS AMENDED BY P.L.27-2012,
6 SECTION 14, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
7 JULY 1, 2015]: Sec. 202. (a) As used in this section, "balloon
8 payment", with respect to a mortgage transaction, means any payment
9 that:
10 (1) the creditor requires the debtor to make at any time during the
11 term of the mortgage;
12 (2) represents the entire amount of the outstanding balance with
13 respect to the mortgage; and
14 (3) the entire amount of which is due as of a specified date or at
15 the end of a specified period;
16 if the aggregate amount of the minimum periodic payments required

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1 under the mortgage would not fully amortize the outstanding balance
 2 by the specified date or at the end of the specified period. The term
 3 does not include a payment required by a creditor under a due-on-sale
 4 clause (as defined in 12 U.S.C. 1701j-3(a)) or a payment required by
 5 a creditor under a provision in the mortgage that permits the creditor
 6 to accelerate the debt upon the debtor's default or failure to abide by the
 7 material terms of the mortgage.

8 (b) This article does not apply to the following:

9 (1) Extensions of credit to government or governmental agencies
 10 or instrumentalities.

11 (2) The sale of insurance by an insurer, except as otherwise
 12 provided in the chapter on insurance (IC 24-4.5-4).

13 (3) Transactions under public utility, municipal utility, or
 14 common carrier tariffs if a subdivision or agency of this state or
 15 of the United States regulates the charges for the services
 16 involved, the charges for delayed payment, and any discount
 17 allowed for early payment.

18 (4) The rates and charges and the disclosure of rates and charges
 19 of a licensed pawnbroker established in accordance with a statute
 20 or ordinance concerning these matters.

21 (5) A sale of goods, services, or an interest in land in which the
 22 goods, services, or interest in land are purchased primarily for a
 23 purpose other than a personal, family, or household purpose.

24 (6) A loan in which the debt is incurred primarily for a purpose
 25 other than a personal, family, or household purpose.

26 (7) An extension of credit primarily for a business, a commercial,
 27 or an agricultural purpose.

28 (8) An installment agreement for the purchase of home fuels in
 29 which a finance charge is not imposed.

30 (9) Loans made, insured, or guaranteed under a program
 31 authorized by Title IV of the Higher Education Act of 1965 (20
 32 U.S.C. 1070 et seq.).

33 (10) Transactions in securities or commodities accounts in which
 34 credit is extended by a broker-dealer registered with the Securities
 35 and Exchange Commission or the Commodity Futures Trading
 36 Commission.

37 (11) Except for IC 24-4.5-3-502.1(2), IC 24-4.5-3-503.3,
 38 IC 24-4.5-3-505(4), and IC 24-4.5-3-505(5), a loan made:

39 (A) in compliance with the requirements of; and

40 (B) by a community development corporation (as defined in
 41 IC 4-4-28-2) acting as a subrecipient of funds from;

42 the Indiana housing and community development authority



- 1 established by IC 5-20-1-3.
- 2 (12) Except for IC 24-4.5-3-502.1(2), IC 24-4.5-3-503.3,
3 IC 24-4.5-3-505(4), and IC 24-4.5-3-505(5), a subordinate lien
4 mortgage transaction made by an entity that exclusively uses
5 funds provided by the United States Department of Housing and
6 Urban Development under Title 1 of the Housing and Community
7 Development Act of 1974, Public Law 93-383, as amended (42
8 U.S.C. 5301 et seq.).
- 9 (13) The United States, any state or local government, or any
10 agency or instrumentality of any governmental entity, including
11 United States government sponsored enterprises.
- 12 (14) A bona fide nonprofit organization not operating in a
13 commercial context, as determined by the director, if the
14 following criteria are satisfied:
- 15 (A) Subject to clause (B), the organization originates only one
16 (1) or both of the following types of mortgage transactions:
17 (i) Zero (0) interest first lien mortgage transactions.
18 (ii) Zero (0) interest subordinate lien mortgage transactions.
- 19 (B) The organization does not require, under the terms of the
20 mortgage or otherwise, balloon payments with respect to the
21 mortgage transactions described in clause (A).
- 22 (C) The organization is exempt from federal income taxation
23 under Section 501(c)(3) of the Internal Revenue Code.
- 24 (D) The organization's primary purpose is to serve the public
25 by helping low income individuals and families build, repair,
26 and purchase housing.
- 27 (E) The organization uses only:
28 (i) unpaid volunteers; or
29 (ii) employees whose compensation is not based on the
30 number or size of any mortgage transactions that the
31 employees originate;
32 to originate the mortgage transactions described in clause (A).
- 33 (F) The organization does not charge loan origination fees in
34 connection with the mortgage transactions described in clause
35 (A).
- 36 (15) A bona fide nonprofit organization (as defined in section
37 301.5(45) of this chapter) if the following criteria are satisfied:
- 38 (a) For each calendar year that the organization seeks the
39 exemption provided by this subdivision, the organization
40 certifies, not later than December 31 of the preceding calendar
41 year and on a form prescribed by the director and accompanied
42 by such documentation as required by the director, that the



1 organization is a bona fide nonprofit organization (as defined
2 in section 301.5(45) of this chapter).

3 (b) The director determines that the organization originates
4 only mortgage transactions that are favorable to the debtor. For
5 purposes of this clause, a mortgage transaction is favorable to
6 the debtor if the director determines that the terms of the
7 mortgage transaction are consistent with terms of mortgage
8 transactions made in a public or charitable context, rather than
9 in a commercial context.

10 **(16) Civil justice funding (as defined in IC 24-11-1-1(3)) or a**
11 **civil justice funding company (as defined in IC 24-11-1-1(4)).**

12 SECTION 3. IC 24-11 IS ADDED TO THE INDIANA CODE AS
13 A NEW ARTICLE TO READ AS FOLLOWS [EFFECTIVE JULY 1,
14 2015]:

15 **ARTICLE 11. CIVIL JUSTICE FUNDING**

16 **Chapter 1. Definitions**

17 **Sec. 1. The following definitions apply throughout this article:**

18 (1) "Advertise" means publishing or disseminating any
19 written, electronic, or printed communication, or any
20 communication by means of recorded telephone messages or
21 transmitted on radio, television, the Internet, or similar
22 communications media, including film strips, motion pictures,
23 and videos, published, disseminated, circulated, or placed
24 before the public, directly or indirectly, for the purpose of
25 inducing a consumer to enter into a civil justice funding.

26 (2) "Charges" means the amount of money to be paid to a
27 civil justice funding company by or on behalf of a consumer,
28 above the funded amount provided by or on behalf of the
29 company to a consumer. The term includes all administrative,
30 origination, underwriting, and other fees no matter how
31 denominated.

32 (3) "Civil justice funding" means a nonrecourse transaction
33 in which a civil justice funding company purchases and a
34 consumer assigns to the company a contingent right to receive
35 an amount of the potential proceeds of a settlement,
36 judgment, award, or verdict obtained in the consumer's legal
37 claim.

38 (4) "Civil justice funding company" or "company" means a
39 person or entity that enters into a civil justice funding with a
40 consumer. This term does not include the following:

41 (A) An immediate family member of the consumer.

42 (B) A bank, lender, financing entity, or other special



- 1 **purpose entity:**
2 (i) that provides financing to a civil justice funding
3 company; or
4 (ii) to which a civil justice funding company grants a
5 security interest or transfers any rights or interest in a
6 civil justice funding.
7 (C) An attorney or accountant who provides services to a
8 consumer.
9 (5) "Consumer" means a natural person who has a pending
10 legal claim and who:
11 (A) resides in Indiana; or
12 (B) has a legal claim in Indiana.
13 (6) "Funded amount" means the amount of money provided
14 to, or on behalf of, the consumer in the civil justice funding.
15 The term excludes charges.
16 (7) "Funding date" means the date on which the funded
17 amount is transferred to the consumer by the civil justice
18 funding company, by:
19 (A) personal delivery, wire, Automated Clearing House
20 (ACH), or other electronic means; or
21 (B) insured, certified, or registered United States mail.
22 (8) "Immediate family member" means a:
23 (A) parent;
24 (B) sibling;
25 (C) child;
26 (D) spouse;
27 (E) grandparent; or
28 (F) grandchild.
29 (9) "Legal claim" means a bona fide civil claim or cause of
30 action.
31 (10) "Resolution date" means the date the amount funded to
32 the consumer, plus the agreed upon charges, are delivered to
33 the civil justice funding company.
34 **Chapter 2. Contract Requirements**
35 **Sec. 1. Every civil justice funding shall meet the following**
36 **requirements:**
37 (1) The contract shall be completely filled in when presented
38 to the consumer for signature.
39 (2) The contract must contain, in bold and boxed type, a right
40 of rescission, allowing the consumer to cancel the contract
41 without penalty or further obligation if, not later than five (5)
42 business days after the funding date, the consumer either:



1 (A) returns to the civil justice funding company the full
 2 amount of the disbursed funds by delivering the company's
 3 uncashed check to the company's office in person; or
 4 (B) mails, by insured, certified, or registered United States
 5 mail, to the address specified in the contract, a notice of
 6 cancellation and includes in the mailing a return of the full
 7 amount of disbursed funds in the form of the company's
 8 uncashed check or a registered or certified check or money
 9 order.

10 (3) The contract must contain the initials of the consumer on
 11 each page.

12 Chapter 3. Civil Justice Funding Company Prohibitions

13 Sec. 1. A civil justice funding company may not do any of the
 14 following:

15 (1) Pay or offer to pay a commission, referral fee, or other
 16 form of consideration to any attorney, law firm, medical
 17 provider, chiropractor, or physical therapist, or any of their
 18 employees, for referring a consumer to the company.

19 (2) Accept a commission, referral fee, rebate, or other form of
 20 consideration from an attorney, law firm, medical provider,
 21 chiropractor, or physical therapist, or any of their employees.

22 (3) Intentionally advertise materially false or misleading
 23 information regarding the civil justice funding company's
 24 products or services.

25 (4) Refer, in furtherance of an initial legal funding, a
 26 customer or potential customer to a specific attorney, law
 27 firm, medical provider, chiropractor, or physical therapist, or
 28 any of their employees. However, if a customer needs legal
 29 representation, the company may refer the customer to a local
 30 or state bar association referral service.

31 (5) Knowingly provide funding to a consumer who has
 32 previously assigned or sold a part of the consumer's right to
 33 proceeds from the consumer's legal claim without first
 34 making payment to or purchasing a prior unsatisfied civil
 35 justice funding company's entire funded amount and
 36 contracted charges, unless a lesser amount is otherwise agreed
 37 to in writing by the civil justice funding company. However,
 38 multiple companies may agree to provide funding to a
 39 consumer simultaneously if the consumer and the consumer's
 40 attorney consent to the arrangement in writing.

41 (6) Receive any right to make any decision with respect to the
 42 conduct of the underlying legal claim or any settlement or



1 resolution of the claim, or make any decision with respect to
 2 the conduct of the underlying legal claim or any settlement or
 3 resolution of the claim. The right to make these decisions
 4 remains solely with the consumer and the attorney in the legal
 5 claim.

6 (7) Knowingly pay or offer to pay for court costs, filing fees,
 7 or attorney's fees either during or after the resolution of the
 8 legal claim, using funds from the civil justice funding
 9 transaction.

10 **Chapter 4. Contracted Amounts**

11 **Sec. 1.** A civil justice funding company shall require the
 12 contracted amount payable to the company to be set as a
 13 predetermined amount based upon intervals of time from the
 14 funding date through the resolution date and not be determined as
 15 a percentage of the recovery from the legal claim.

16 **Chapter 5. Disclosures**

17 **Sec. 1.** All civil justice funding contracts must contain the
 18 disclosures specified in this section, which are material terms of the
 19 contract. Unless otherwise specified, the disclosures must be in at
 20 least twelve (12) point bold font and be placed clearly and
 21 conspicuously within the contract. The following disclosures are
 22 required:

23 (1) On the front page, under appropriate headings, language
 24 specifying:

25 (A) the funded amount to be paid to the consumer by the
 26 civil justice funding company;

27 (B) an itemization of one (1) time charges;

28 (C) the total amount to be assigned by the consumer to the
 29 company, including the funded amount and all charges;
 30 and

31 (D) a payment schedule including the funded amount and
 32 all charges, listing all dates and the amount due at the end
 33 of each one hundred eighty (180) day period, from the
 34 funding date until the date on which the maximum amount
 35 due to the company by the consumer occurs.

36 (2) A notice within the body of the contract stating the
 37 following: "Consumer's Right to Cancellation: You may
 38 cancel this contract without penalty or further obligation
 39 within five (5) business days after the funding date if you
 40 either:

41 (A) return to the civil justice funding company the full
 42 amount of the disbursed funds by delivering the company's



- 1 uncashed check to the company's office in person; or
2 (B) mail, by insured, certified, or registered United States
3 mail, to the company at the address specified in the
4 contract, a notice of cancellation and include in the mailing
5 a return of the full amount of disbursed funds in the form
6 of the company's uncashed check or a registered or
7 certified check or money order.".
- 8 (3) A notice informing the consumer that the civil justice
9 funding company has no role in deciding whether, when, and
10 how much the legal claim is settled for. However, the
11 consumer and consumer's attorney must notify the company
12 of the outcome of the legal claim by settlement or adjudication
13 prior to the resolution date. The company may seek updated
14 information about the status of the legal claim but in no event
15 may the company interfere with the independent professional
16 judgment of the attorney in the handling of the legal claim or
17 any settlement.
- 18 (4) Within the body of the contract, in all capital letters in at
19 least a twelve (12) point bold font contained within a box the
20 following: "THE FUNDED AMOUNT AND AGREED UPON
21 CHARGES SHALL BE PAID ONLY FROM THE
22 PROCEEDS OF YOUR LEGAL CLAIM, AND SHALL BE
23 PAID ONLY TO THE EXTENT THAT THERE ARE
24 AVAILABLE PROCEEDS FROM YOUR LEGAL CLAIM.
25 YOU WILL NOT OWE [INSERT NAME OF THE CIVIL
26 JUSTICE FUNDING COMPANY] ANYTHING IF THERE
27 ARE NO PROCEEDS FROM YOUR LEGAL CLAIM,
28 UNLESS YOU HAVE VIOLATED ANY MATERIAL TERM
29 OF THIS CONTRACT OR YOU HAVE COMMITTED
30 FRAUD AGAINST THE CIVIL JUSTICE FUNDING
31 COMPANY.".
- 32 (5) Located immediately above the place on the contract
33 where the consumer's signature is required, in twelve (12)
34 point font the following: "Do not sign this contract before you
35 read it completely or if the contract contains any blank
36 spaces. You are entitled to a completely filled in copy of the
37 contract. Before you sign this contract, you should obtain the
38 advice of an attorney. Depending on the circumstances, you
39 may want to consult a tax, public or private benefits planning,
40 or financial professional. You acknowledge that your attorney
41 in the legal claim has provided no tax, public or private
42 benefit planning, or financial advice regarding this



1 **transaction."**

2 **Chapter 6. Violations**

3 **Sec. 1. This article does not restrict the exercise of powers or the**
4 **performance of the duties of the attorney general.**

5 **Sec. 2. If a court with jurisdiction determines that a civil justice**
6 **funding company has intentionally violated the provisions of this**
7 **article with regard to a specific civil justice funding, the civil**
8 **justice funding company is only entitled to recover the funded**
9 **amount provided to the consumer in that civil justice funding and**
10 **is not entitled to any additional charges.**

11 **Chapter 7. Assignability**

12 **Sec. 1. A consumer may assign the contingent right to receive an**
13 **amount of the potential proceeds of a legal claim.**

14 **Sec. 2. This article may not be construed to cause any civil**
15 **justice funding transaction that complies with the requirements of**
16 **this article to be considered a loan or to be otherwise subject to any**
17 **other provisions of Indiana law governing loans. Notwithstanding**
18 **any other law, a civil justice funding transaction that complies with**
19 **this article is not subject to any other statutory or regulatory**
20 **provisions governing loans or investment contracts. To the extent**
21 **that this article conflicts with any other law, this article supersedes**
22 **the other law for the purposes of regulating civil justice fundings.**

23 **Sec. 3. Only attorney's liens related to the legal claim, or**
24 **Medicare or other statutory liens related to the legal claim, take**
25 **priority over a lien of the civil justice funding company. All other**
26 **liens take priority by normal operation of law.**

27 **Chapter 8. Attorney Prohibitions**

28 **Sec. 1. An attorney or law firm retained by the consumer in the**
29 **legal claim may not have a financial interest in the civil justice**
30 **funding company offering civil justice funding to that consumer.**
31 **Additionally, any attorney who has referred the consumer to the**
32 **consumer's retained attorney may not have a financial interest in**
33 **the civil justice funding company offering civil justice funding to**
34 **that consumer.**

35 **Chapter 9. Privileged Communication**

36 **Sec. 1. No communication between the consumer's attorney in**
37 **the legal claim and the civil justice funding company with respect**
38 **to the civil justice funding limits, waives, or abrogates the scope or**
39 **nature of any statutory or common law privilege, including the**
40 **work product doctrine and the attorney client privilege.**

41 **Chapter 10. Registration**

42 **Sec. 1. A civil justice funding company may not engage in the**



1 business of civil justice funding unless the company has registered
2 with the attorney general in accordance with this chapter.

3 Sec. 2. A civil justice funding company application and
4 registration form must be filed in the manner prescribed by the
5 attorney general and must contain the information the attorney
6 general requires to make an evaluation of the character and fitness
7 of the applicant company. The initial application must be
8 accompanied by a one thousand five hundred dollar (\$1,500) fee.
9 A renewal registration must include a five hundred dollar (\$500)
10 fee. A registration must be renewed every two (2) years and expires
11 on September 30.

12 Sec. 3. A certificate of registration may not be issued unless the
13 attorney general, upon investigation, finds that the character and
14 fitness of the applicant company, and of the officers and directors
15 of the company, are sufficient to warrant belief that the business
16 will be operated honestly and fairly.

17 Sec. 4. Every registrant shall also, at the time of filing an
18 application, file with the attorney general, if required by the
19 attorney general, a bond satisfactory to the attorney general in an
20 amount not to exceed fifty thousand dollars (\$50,000). Instead of
21 the bond, at the option of the registrant, the registrant may post an
22 irrevocable letter of credit. The terms of the bond must run
23 concurrently with the period of time during which the registration
24 will be in effect. The bond must provide that the registrant will
25 faithfully follow the law.

26 Sec. 5. (a) Upon written request, the applicant is entitled to a
27 hearing on the question of the applicant's qualifications for a
28 registration if:

29 (1) the attorney general has notified the applicant in writing
30 that the application has been denied; or

31 (2) the attorney general has not issued a registration within
32 sixty (60) days after the application for the registration was
33 filed.

34 (b) A request for a hearing may not be made more than fifteen
35 (15) days after the attorney general has mailed a written notice to
36 the applicant that the application has been denied and described in
37 substance the attorney general's findings supporting denial of the
38 application.

39 Sec. 6. A civil justice funding company that applies for
40 registration with the attorney general after June 30, 2015, and
41 before January 1, 2016, may engage in civil justice funding while
42 the company's registration is waiting approval by the attorney



1 general. However, if the attorney general denies the civil justice
2 funding company's application under this chapter, the person may
3 not enter into, or offer to enter into, any new civil justice funding
4 transaction during the period beginning on the effective date of the
5 attorney general's denial under this section, and ending on the
6 effective date of any certificate of registration subsequently issued
7 to the person by the attorney general under this chapter, subject to
8 the person's right to a review under section 5 of this chapter, and
9 to any right to a stay or an appeal of the denial available under
10 IC 4-21.5. Any funding agreement entered into before July 1, 2015,
11 is not subject to this article.

12 **Sec. 7.** A civil justice funding company may not use any form of
13 civil justice funding contract in Indiana unless the contract has
14 been filed with the attorney general in accordance with the filing
15 procedures set forth by the attorney general.

16 **Sec. 8.** Fees collected under this chapter shall be deposited in the
17 electronic and enhanced access fund established by IC 4-5-10-5.

18 **Sec. 9.** The attorney general may adopt rules under IC 4-22-2 to
19 implement this article.



Report of the President
Pro Tempore

Madam President: Pursuant to Senate Rule 68(b), I hereby report that SB 373, currently assigned to the Committee on Judiciary, be reassigned to the Committee on Civil Law.

LONG

COMMITTEE REPORT

Madam President: The Senate Committee on Civil Law, to which was referred Senate Bill No. 373, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

Page 1, between lines 5 and 6, begin a new paragraph and insert:

"SECTION 2. IC 24-4.5-1-202, AS AMENDED BY P.L.27-2012, SECTION 14, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 202. (a) As used in this section, "balloon payment", with respect to a mortgage transaction, means any payment that:

- (1) the creditor requires the debtor to make at any time during the term of the mortgage;
- (2) represents the entire amount of the outstanding balance with respect to the mortgage; and
- (3) the entire amount of which is due as of a specified date or at the end of a specified period;

if the aggregate amount of the minimum periodic payments required under the mortgage would not fully amortize the outstanding balance by the specified date or at the end of the specified period. The term does not include a payment required by a creditor under a due-on-sale clause (as defined in 12 U.S.C. 1701j-3(a)) or a payment required by a creditor under a provision in the mortgage that permits the creditor to accelerate the debt upon the debtor's default or failure to abide by the material terms of the mortgage.

(b) This article does not apply to the following:

- (1) Extensions of credit to government or governmental agencies or instrumentalities.
- (2) The sale of insurance by an insurer, except as otherwise provided in the chapter on insurance (IC 24-4.5-4).
- (3) Transactions under public utility, municipal utility, or

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common carrier tariffs if a subdivision or agency of this state or of the United States regulates the charges for the services involved, the charges for delayed payment, and any discount allowed for early payment.

(4) The rates and charges and the disclosure of rates and charges of a licensed pawnbroker established in accordance with a statute or ordinance concerning these matters.

(5) A sale of goods, services, or an interest in land in which the goods, services, or interest in land are purchased primarily for a purpose other than a personal, family, or household purpose.

(6) A loan in which the debt is incurred primarily for a purpose other than a personal, family, or household purpose.

(7) An extension of credit primarily for a business, a commercial, or an agricultural purpose.

(8) An installment agreement for the purchase of home fuels in which a finance charge is not imposed.

(9) Loans made, insured, or guaranteed under a program authorized by Title IV of the Higher Education Act of 1965 (20 U.S.C. 1070 et seq.).

(10) Transactions in securities or commodities accounts in which credit is extended by a broker-dealer registered with the Securities and Exchange Commission or the Commodity Futures Trading Commission.

(11) Except for IC 24-4.5-3-502.1(2), IC 24-4.5-3-503.3, IC 24-4.5-3-505(4), and IC 24-4.5-3-505(5), a loan made:

(A) in compliance with the requirements of; and

(B) by a community development corporation (as defined in IC 4-4-28-2) acting as a subrecipient of funds from;

the Indiana housing and community development authority established by IC 5-20-1-3.

(12) Except for IC 24-4.5-3-502.1(2), IC 24-4.5-3-503.3, IC 24-4.5-3-505(4), and IC 24-4.5-3-505(5), a subordinate lien mortgage transaction made by an entity that exclusively uses funds provided by the United States Department of Housing and Urban Development under Title 1 of the Housing and Community Development Act of 1974, Public Law 93-383, as amended (42 U.S.C. 5301 et seq.).

(13) The United States, any state or local government, or any agency or instrumentality of any governmental entity, including United States government sponsored enterprises.

(14) A bona fide nonprofit organization not operating in a commercial context, as determined by the director, if the



following criteria are satisfied:

- (A) Subject to clause (B), the organization originates only one (1) or both of the following types of mortgage transactions:
 - (i) Zero (0) interest first lien mortgage transactions.
 - (ii) Zero (0) interest subordinate lien mortgage transactions.
 - (B) The organization does not require, under the terms of the mortgage or otherwise, balloon payments with respect to the mortgage transactions described in clause (A).
 - (C) The organization is exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code.
 - (D) The organization's primary purpose is to serve the public by helping low income individuals and families build, repair, and purchase housing.
 - (E) The organization uses only:
 - (i) unpaid volunteers; or
 - (ii) employees whose compensation is not based on the number or size of any mortgage transactions that the employees originate;
 to originate the mortgage transactions described in clause (A).
 - (F) The organization does not charge loan origination fees in connection with the mortgage transactions described in clause (A).
- (15) A bona fide nonprofit organization (as defined in section 301.5(45) of this chapter) if the following criteria are satisfied:
- (a) For each calendar year that the organization seeks the exemption provided by this subdivision, the organization certifies, not later than December 31 of the preceding calendar year and on a form prescribed by the director and accompanied by such documentation as required by the director, that the organization is a bona fide nonprofit organization (as defined in section 301.5(45) of this chapter).
 - (b) The director determines that the organization originates only mortgage transactions that are favorable to the debtor. For purposes of this clause, a mortgage transaction is favorable to the debtor if the director determines that the terms of the mortgage transaction are consistent with terms of mortgage transactions made in a public or charitable context, rather than in a commercial context.
- (16) Civil justice funding (as defined in IC 24-11-1-1(3)) or a civil justice funding company (as defined in IC 24-11-1-1(4))."**



Page 1, delete lines 6 through 16.

Page 2, delete lines 1 through 19.

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to SB 373 as introduced.)

ZAKAS, Chairperson

Committee Vote: Yeas 8, Nays 0.

SENATE MOTION

Madam President: I move that Senate Bill 373 be amended to read as follows:

Page 11, line 20, delete "registered" and insert "**applies for registration**".

Page 11, line 21, delete "January 1, 2015," and insert "**June 30, 2015,**".

Page 11, line 21, delete "July 1, 2015," and insert "**January 1, 2016,**".

Page 11, line 23, after "state." insert "**However, if the secretary of state denies the civil justice funding company's application under this chapter, the person may not enter into, or offer to enter into, any new civil justice funding transaction during the period beginning on the effective date of the department's denial under this section, and ending on the effective date of any certificate of registration subsequently issued to the person by the secretary of state under this chapter, subject to the person's right to a review under section 5 of this chapter, and to any right to a stay or an appeal of the denial available under IC 4-21.5.**".

Page 11, line 24, delete "January 1, 2015," and insert "**July 1, 2015,**".

(Reference is to SB 373 as printed February 10, 2015.)

HEAD



SENATE MOTION

Madam President: I move that Senate Bill 373 be amended to read as follows:

Page 1, delete lines 1 through 5, begin a new paragraph and insert:
"SECTION 1. IC 4-6-2-13 IS ADDED TO THE INDIANA CODE AS A **NEW SECTION TO READ AS FOLLOWS** [EFFECTIVE JULY 1, 2015]: **Sec. 13. The attorney general may adopt and enforce rules under IC 4-22-2 that are necessary to carry out IC 24-11.**"

Page 10, line 25, delete "secretary of state" and insert "**attorney general**".

Page 10, line 28, delete "secretary of state" and insert "**attorney general**".

Page 10, line 28, after "information the" delete "secretary" and insert "**attorney general**".

Page 10, line 29, delete "of state".

Page 10, line 31, after "by a" insert "**one thousand**".

Page 10, line 31, delete "\$500" and insert "**(\$1,500)**".

Page 10, line 32, delete "two" and insert "**five**".

Page 10, line 32, delete "\$200" and insert "**(\$500)**".

Page 10, line 36, delete "secretary of state," and insert "**attorney general,**".

Page 10, line 41, delete "secretary of state," and insert "**attorney general,**".

Page 10, line 42, delete "secretary of state," and insert "**attorney general,**".

Page 10, line 42, after "the" delete "secretary of state" and insert "**attorney general**".

Page 11, line 10, delete "secretary of state" and insert "**attorney general**".

Page 11, line 12, delete "secretary of state" and insert "**attorney general**".

Page 11, line 16, delete "secretary of state" and insert "**attorney general**".

Page 11, line 18, delete "secretary of state's" and insert "**attorney general's**".

Page 11, line 21, delete "secretary of state" and insert "**attorney general**".

Page 11, line 23, delete "secretary of state." and insert "**attorney general.**".

Page 11, line 28, delete "secretary of state" and insert "**attorney general**".



Page 11, line 29, delete "secretary of state." and insert "**attorney general**".

Page 11, line 32, delete "secretary of state" and insert "**attorney general**".

(Reference is to SB 373 as printed February 10, 2015.)

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SENATE MOTION

Madam President: I move that Senate Bill 373 be amended to read as follows:

Page 6, delete lines 13 through 32.

Page 7, delete lines 10 through 11.

Page 7, line 12, delete "(6)" and insert "**(5)**".

Page 7, line 22, delete "(7)" and insert "**(6)**".

Page 7, line 29, delete "(8)" and insert "**(7)**".

Page 9, line 9, delete "OR YOUR ATTORNEY".

(Reference is to SB 373 as printed February 10, 2015.)

YOUNG R MICHAEL

SENATE MOTION

Madam President: I move that Engrossed SB 373, which is eligible for third reading, be returned to second reading for purposes of amendment.

HEAD



SENATE MOTION

Madam President: I move that Senate Bill 373 be amended to read as follows:

Page 11, line 1, delete "secretary of state" and insert "**attorney general**".

Page 11, line 5, delete "department's" and insert "**attorney general's**".

Page 11, line 7, delete "secretary of state" and insert "**attorney general**".

(Reference is to SB 373 as reprinted February 18, 2015.)

HEAD

