

HOUSE BILL 334

I3, I2

3lr0843

By: Delegates M. Washington, Anderson, Bobo, Braveboy, Carr, Clippinger,
Frick, Frush, Gaines, Glenn, Howard, McIntosh, Mitchell,
Nathan-Pulliam, B. Robinson, and S. Robinson

Introduced and read first time: January 24, 2013

Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Commercial Law – Consumer Protection – Rental–Purchase Transactions**

3 FOR the purpose of requiring a lessor to disclose to a consumer in each
4 rental–purchase agreement the cost of lease services of certain items of rental
5 property; altering a certain form that must be used to satisfy certain disclosure
6 requirements; establishing a certain form that must be used to satisfy certain
7 disclosure requirements; requiring the Attorney General’s Web site to include
8 certain forms; defining a certain term; and generally relating to
9 rental–purchase transactions.

10 BY repealing and reenacting, without amendments,
11 Article – Commercial Law
12 Section 12–1101(a)
13 Annotated Code of Maryland
14 (2005 Replacement Volume and 2012 Supplement)

15 BY adding to
16 Article – Commercial Law
17 Section 12–1101(i)
18 Annotated Code of Maryland
19 (2005 Replacement Volume and 2012 Supplement)

20 BY repealing and reenacting, with amendments,
21 Article – Commercial Law
22 Section 12–1103, 12–1104, 12–1111, and 12–1111.1
23 Annotated Code of Maryland
24 (2005 Replacement Volume and 2012 Supplement)

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
2 MARYLAND, That the Laws of Maryland read as follows:

3 **Article – Commercial Law**

4 12–1101.

5 (a) In this subtitle the following words have the meanings indicated.

6 **(I) “COST OF LEASE SERVICES” MEANS THE DIFFERENCE BETWEEN**
7 **THE FINAL PURCHASE PRICE OF RENTAL PROPERTY AND THE CASH PRICE OF**
8 **RENTAL PROPERTY.**

9 12–1103.

10 (a) (1) A lessor shall disclose to a consumer the information required
11 under this subtitle.

12 (2) In a transaction involving more than 1 lessor, only 1 lessor need
13 make the disclosures required under this subtitle, but all lessors shall be bound by the
14 disclosures made.

15 (b) A lessor shall make the disclosures required under this subtitle before
16 consummation of the rental–purchase agreement.

17 (c) A lessor shall:

18 (1) Make the disclosures required under this subtitle in a written form
19 that is simple and understandable and is written or typed in a size not less than 10
20 point type;

21 **(2) MAKE THE DISCLOSURES REQUIRED UNDER THIS SUBTITLE**
22 **IN ENGLISH OR IN ANY OTHER LANGUAGE USED BY THE LESSOR IN**
23 **ADVERTISEMENTS RELATED TO THE RENTAL–PURCHASE TRANSACTION;**

24 **[(2)] (3)** Make the disclosures required under this subtitle on the face
25 of the rental–purchase agreement **AND SUMMARY OF COSTS CHART** above the
26 consumer’s signature **[line] LINES**; and

27 **[(3)] (4)** Deliver a copy of the rental–purchase agreement **AND THE**
28 **SUMMARY OF COSTS CHART** to the consumer.

29 (d) If a disclosure becomes inaccurate as a result of any act, occurrence, or
30 agreement by the consumer after delivery of the rental property, the resulting
31 inaccuracy is not a violation of this subtitle.

1 12-1104.

2 (a) The lessor shall disclose in each rental-purchase agreement, as
3 applicable:

4 (1) The total number, total amount, and timing of all rental payments
5 necessary to acquire ownership of the rental property;

6 (2) A statement that the consumer will not own the rental property
7 until the consumer has paid the total of payments necessary to acquire ownership;

8 (3) A brief description of the rental property sufficient to identify the
9 rental property to the consumer and the lessor, including an identification number and
10 a statement indicating whether the rental property is new or used;

11 (4) (i) A statement of the cash price of the rental property; or

12 (ii) If a single rental-purchase agreement involves a lease of 2
13 or more items of rental property as a set, a statement of the aggregate cash price of all
14 items;

15 **(5) THE COST OF LEASE SERVICES OF THE RENTAL PROPERTY;**

16 **[(5) (6)** The total of initial payments paid or required to be paid at or
17 before consummation of the rental-purchase agreement or delivery of the rental
18 property, whichever is later;

19 **[(6) (7)** A statement that the total of rental payments does not
20 include other charges, such as reinstatement fees, damage fees, or pickup fees;

21 **[(7) (8)** A statement that the consumer has the right to exercise an
22 early purchase option and the price, formula, or method for determining the early
23 purchase option price;

24 **[(8) (9)** A statement that the consumer must pay the early purchase
25 option price for the rental property if, and when, the rental property is lost, stolen,
26 damaged, or destroyed;

27 **[(9) (10)** (i) A statement identifying the lessor as the party
28 responsible for maintaining or servicing the rental property while it is being rented;

29 (ii) A description of that responsibility; and

30 (iii) A statement that if any part of a manufacturer's express
31 warranty covers the rental property at the time the consumer acquires ownership of

1 the rental property, it shall be transferred to the consumer, if allowed by the terms of
2 the warranty;

3 [(10)] **(11)** The date of consummation and the identities of the lessor
4 and consumer;

5 [(11)] **(12)** A statement that the consumer may terminate the
6 rental-purchase agreement without penalty by voluntarily surrendering or returning
7 the rental property in good repair, normal wear and tear excepted, upon expiration of
8 any rental term and payment of any past due rental payments;

9 [(12)] **(13)** Notice of the consumer's right to reinstate an agreement as
10 provided in § 12-1106 of this subtitle; and

11 [(13)] **(14)** Any other charges, including reinstatement fees, damage
12 fees, and pickup fees.

13 **(B) THE LESSOR SHALL DISCLOSE IN EACH SUMMARY OF COSTS CHART,
14 AS APPLICABLE:**

15 **(1) THE CASH PRICE OF THE RENTAL PROPERTY;**

16 **(2) THE TIMING OF THE PAYMENTS FOR THE RENTAL PROPERTY;**

17 **(3) THE TOTAL PURCHASE PRICE IF THE PAYMENT SCHEDULE
18 UNDER ITEM (2) OF THIS SUBSECTION IS COMPLETED ACCORDING TO THE
19 SCHEDULE; AND**

20 **(4) THE COST OF LEASE SERVICES OF THE RENTAL PROPERTY.**

21 **[(b)] (C)** A lessor shall place on property which is to be leased as a part of a
22 rental-purchase agreement and is displayed in the lessor's place of business a tag
23 which shall indicate:

24 (1) The number and amount of individual renewal payments
25 necessary to purchase the property;

26 (2) The total amount necessary to purchase the property; and

27 (3) Whether the property is new or used.

28 12-1111.

29 **(A)** The following is an example of a form which shall be used to satisfy the
30 disclosure requirements of §§ 12-1103(c) and [12-1104] **12-1104(A)** of this subtitle:

1 "Rental-Purchase Agreement

2 1. Lessor(s): Lessee(s):
 3 Name _____ Name _____
 4 Address _____ Address _____
 5 Telephone no. _____ Telephone no. _____

6 2. Description of Rental Property:

7 Item	8 Quantity	9 Identification Number	10 Condition
_____	_____	_____	New _____
_____	_____	_____	Used _____

11 Cash Price: _____

12 3. Total Initial Payment:

13 Rental Payment: \$ _____
 14 Delivery Charge: \$ _____
 15 Tax: \$ _____
 16 Other (specify): \$ _____
 17 Total: \$ _____

18 4. Rental Payments:

19 Total Weekly Rental Payment: _____ (includes tax)
 20 Total Monthly Rental Payment: _____ (includes tax)

21 5. Other Charges:

22 In Home Pick-up Fee: \$ _____
 23 Reinstatement Fee: \$ _____
 24 Other (specify): \$ _____

25 6. Total Cost To Acquire Ownership:

26 If you renew this rental agreement each week/month, for _____
 27 weeks/months, you will pay a total of \$ _____ to own the rental
 28 property. This amount includes your total initial payment but does not include
 29 other charges such as damage, reinstatement or pick-up fees for which you may
 30 be liable.

31 7. COST OF LEASE SERVICES:

32 THE COST OF LEASE SERVICES IS THE DIFFERENCE BETWEEN THE FINAL
 33 PURCHASE PRICE OF THE RENTAL PROPERTY AND THE CASH PRICE OF
 34 THE RENTAL PROPERTY.

35 [7.] 8. No Ownership Until Total Paid:

36 You will not acquire ownership of the rental property until you pay the total
 37 rental payments necessary to acquire ownership, or unless you exercise an
 38 early purchase option.

1 **[8.] 9.** Early Purchase Option:

2 You may purchase the rental property at any time after your first rental
3 payment.

4 (Describe formula or method here)

5 **[9.] 10.** Maintenance:

6 We (lessor) are responsible for maintaining the rental property in good
7 working condition while it is being rented. We will provide all necessary
8 service, repair or replacement (specify if in home or in store) if you notify
9 us by phone or mail that service is needed. We will not be responsible for
10 repairs done by anyone other than us.

11 **[10.] 11.** Warranty:

12 If allowed by the manufacturer, the manufacturer's express warranty
13 covering the rental property rented under this agreement will be
14 transferred to you if, and at the time, you acquire ownership of the rental
15 property.

16 **[11.] 12.** Damages:

17 You (lessee) are entirely responsible for loss, damages, theft or destruction
18 of the rental property while it is in your possession. Your liability for such
19 damage will not exceed the early purchase option price of the rental
20 property as of the date it is lost, stolen, damaged or destroyed.

21 **[12.] 13.** Termination:

22 You (lessee) may terminate this agreement without penalty at the end of
23 any weekly or monthly term by returning the rental property to us in good
24 condition. You will be liable for any unpaid rental payments due upon the
25 date of return.

26 **[13.] 14.** Reinstatement:

27 If you (lessee) fail to make a timely payment, you may reinstate the
28 agreement without penalty, if:

- 29 1) You pay all past due rental charges and a reinstatement fee within 2
30 days (weekly renters) or 5 days (monthly renters) of your renewal date;
31 or
32 2) You return or voluntarily surrender the rental property within 2 days
33 (weekly renters) or 5 days (monthly renters) of your renewal date. If you
34 choose to reinstate the agreement after returning the rental property,
35 you will have up to 21 days (or longer depending on how long you have
36 rented the rental property) to pay all past due rental charges, a
37 reinstatement fee and a reasonable redelivery fee if we deliver the
38 rental property.

1 I have read the above disclosures before signing this rental-purchase agreement.
 2 Lessee(s): _____ Date: _____
 3 _____.”

4 (B) THE FOLLOWING IS AN EXAMPLE OF A FORM WHICH SHALL BE USED
 5 TO SATISFY THE DISCLOSURE REQUIREMENTS OF §§ 12-1103(C) AND
 6 12-1104(B) OF THIS SUBTITLE:

SUMMARY OF COSTS OF YOUR RENTAL-PURCHASE AGREEMENT			
CASH PRICE	SCHEDULED PAYMENTS	FINAL PURCHASE PRICE	COST OF LEASE SERVICES
THE PRICE OF THE RENTAL PROPERTY IF PURCHASED IN-STORE AT THE TIME OF CONSUMMATION. \$ _____	THE AMOUNT YOU PAY PER WEEK/MONTH. \$ _____	THE AMOUNT YOU WILL HAVE PAID AFTER YOU HAVE MADE ALL PAYMENTS AS SCHEDULED. \$ _____	THE COST OF YOUR RENTAL-PURCHASE TRANSACTION. _____% OR \$ _____
TIMING OF PAYMENTS: PAYMENT IN THE AMOUNT OF \$ _____ IS DUE ON A (WEEKLY/BI-WEEKLY/SEMI-MONTHLY/MONTHLY) BASIS.			
EARLY PAYMENT OPTION: YOU HAVE THE RIGHT TO PURCHASE THE RENTAL PROPERTY PRIOR TO THE DATE LISTED ABOVE FOR (ENTER FORMULA).			
TERMINATION: YOU HAVE THE RIGHT TO TERMINATE THIS RENTAL-PURCHASE AGREEMENT AT THE END OF ANY TERM BY SURRENDERING THE RENTAL PROPERTY TO THE LESSOR.			
THE DISCLOSURES ABOVE ARE PART OF THE TERMS AND CONDITIONS OF YOUR RENTAL-PURCHASE AGREEMENT WITH (COMPANY NAME).			
LESSEE(S): _____		DATE: _____	

29 12-1111.1.

30 The Attorney General’s Web site shall include the sample [rental-purchase
 31 agreement] FORMS in § 12-1111 of this subtitle.

1 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
2 October 1, 2013.