

COMMITTEE AMENDMENT
HOUSE OF REPRESENTATIVES
State of Oklahoma

SPEAKER:

CHAIR:

I move to amend HB2626 _____
Of the printed Bill
Page _____ Section _____ Lines _____
Of the Engrossed Bill

By striking the Title, the Enacting Clause, the entire bill, and by inserting in lieu thereof the following language:

AMEND TITLE TO CONFORM TO AMENDMENTS

Adopted: _____

Amendment submitted by: Leslie Osborn _____

Reading Clerk

1 STATE OF OKLAHOMA

2 2nd Session of the 55th Legislature (2016)

3 PROPOSED COMMITTEE
4 SUBSTITUTE
5 FOR
6 HOUSE BILL NO. 2626

By: Osborn

7 PROPOSED COMMITTEE SUBSTITUTE

8 An Act relating to professions and occupations;
9 amending 59 O.S. 2011, Sections 1951 and 1954, which
10 relate to the Oklahoma Rental-Purchase Act; adding
11 definition; modifying sequence of defined terms;
12 updating citation; providing disclosures for certain
13 property; requiring separate disclosures for property
14 not displayed or offered primarily for rental-
15 purchase; and providing an effective date.

16 BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

17 SECTION 1. AMENDATORY 59 O.S. 2011, Section 1951, is
18 amended to read as follows:

19 Section 1951. As used in the Oklahoma Rental-Purchase Act:

20 1. "Administrator" means the Administrator of the Department of
21 Consumer Credit as designated in Section 6-501 of Title 14A of the
22 Oklahoma Statutes;

23 2. "Advertisement" means any commercial message in any medium
24 that promotes, directly or indirectly, a consumer rental-purchase
agreement;

1 3. "Consummation" means the time a lessee becomes contractually
2 obligated on a consumer rental-purchase agreement;

3 4. "Initial fee" means any fee charged to initiate a contract
4 however designated;

5 5. "Initial period" means from the date of inception to the
6 first scheduled installment;

7 6. "Lessee" means a natural person who rents personal property
8 under a consumer rental-purchase agreement;

9 ~~5.~~ 7. "Lessor" means a person who regularly provides the use of
10 property through consumer rental-purchase agreement;

11 8. Property that is "displayed or offered primarily for rental-
12 purchase" means personal property displayed or offered at a physical
13 location which derives fifty percent (50%) or more of its revenue
14 from rental-purchase agreements; and

15 ~~6.~~ 9. "Rental-purchase agreement" means an agreement for the
16 use of personal property by a consumer for personal, family, or
17 household purposes, for an initial period of four (4) months or
18 less, that is renewable with each payment after the initial period,
19 and that permits the consumer to become the owner of the property.
20 An agreement that complies with this definition is not a consumer
21 credit sale as defined in Section 2-104 of Title 14A of the Oklahoma
22 Statutes, or a consumer loan as defined in Section 3-104 of Title
23 14A of the Oklahoma Statutes, or a refinancing or consolidation
24 thereof, or a consumer lease as defined in Section 2-106 of Title

1 14A of the Oklahoma Statutes, or a lease or agreement which
2 constitutes a security interest as defined in paragraph ~~(37)~~ (35) of
3 subsection (b) of Section 1-201 of Title 12A of the Oklahoma
4 Statutes or a lease or agreement which constitutes a sale of goods
5 as defined in subsection (4) of Section 2-105 of Title 14A of the
6 Oklahoma Statutes;

7 ~~7. "Initial period" means from the date of inception to the~~
8 ~~first scheduled installment; and~~

9 ~~8. "Initial fee" means any fee charged to initiate a contract~~
10 ~~however designated.~~

11 SECTION 2. AMENDATORY 59 O.S. 2011, Section 1954, is
12 amended to read as follows:

13 Section 1954. A. The disclosures required by the Oklahoma
14 Rental-Purchase Act:

15 1. Shall be made clearly and conspicuously;

16 2. Shall be in writing, a copy of which shall be delivered to
17 the lessee;

18 3. May use terminology different from that employed in the
19 Oklahoma Rental-Purchase Act if it conveys substantially the same
20 meaning;

21 4. May be supplemented by additional information or
22 explanations supplied by the lessor;

1 5. Shall comply with the provisions of the Oklahoma Rental-
2 Purchase Act although rendered inaccurate by any act, occurrence, or
3 agreement, subsequent to the required disclosure;

4 6. Shall be made to the person who signs the rental-purchase
5 agreement, except that in a transaction involving more than one
6 lessee, a disclosure statement or a copy of the agreement need not
7 be given to more than one of the lessees;

8 7. Shall be made by the lessor specified on the rental-purchase
9 license.

10 B. A rental-purchase agreement shall disclose the following
11 items, as applicable:

12 1. Whether the property is new or used;

13 2. The period and amount of payments;

14 3. The total number of payments necessary and the total amounts
15 to be paid to acquire ownership of the merchandise;

16 4. The amount and purpose of any other payment, charge or fee
17 in addition to the regular periodic payments;

18 5. Whether the consumer is liable for loss or damage to the
19 rental property, and if so, the maximum amount for which the
20 consumer may be liable;

21 6. The amount of any deposit required by lessor and the
22 conditions under which it shall be refundable or nonrefundable;

23 7. If applicable, that the lessee may purchase from the lessor
24 insurance to cover the property or a waiver of liability for damage

1 to or destruction of the property, and the amount of any such charge
2 or fee. The insurance or waiver of liability coverage may be
3 offered to the lessee at any time during the term of the rental-
4 purchase agreement;

5 8. That the consumer does not acquire ownership rights unless
6 the consumer has complied with the ownership terms of the agreement.

7 C. A rental-purchase agreement may not contain a provision:

8 1. Requiring a confession of judgment;

9 2. Authorizing a lessor or an agent of the lessor to commit a
10 breach of the peace in the repossession of rental property;

11 3. Waiving any defense, counterclaim, or right the lessee may
12 have against the lessor or an agent of the lessor;

13 4. Requiring the purchase of insurance from the lessor to cover
14 the rental property; provided, however, that the lessor may offer to
15 the lessee any such insurance if it is clearly and conspicuously
16 disclosed on the face of the agreement of insurance, in print not
17 less than 8-point ~~bold-face~~ boldface type, that the purchase of any
18 such insurance by the lessee from the lessor is optional. Lessors
19 offering any such insurance must comply with the rules and
20 regulations governing the offering for sale and sale of insurance in
21 the State of Oklahoma, and the offering for sale and sale of such
22 insurance shall be governed and regulated by the State of Oklahoma
23 Commissioner of Insurance;

1 5. Requiring the purchase of a waiver of liability from the
2 lessor for damage to or destruction of the property; provided,
3 however, that the lessor may offer to the lessee any such waiver of
4 liability if it is clearly and conspicuously disclosed on the face
5 of the waiver of liability agreement, in print not less than 8-point
6 ~~bold-face~~ boldface type, that the purchase of any such waiver of
7 liability by the lessee from the lessor is optional. The charge for
8 any waiver of liability shall not exceed five percent (5%) of the
9 rental payment or One Dollar (\$1.00), whichever is greater;

10 6. Requiring the payment of a late charge or reinstatement fee
11 of more than Five Dollars (\$5.00); provided, the total of both the
12 late charge and the reinstatement fee for any one payment missed
13 does not exceed Five Dollars (\$5.00) if payments are monthly, or
14 Three Dollars (\$3.00) if payments are weekly or bi-weekly. If the
15 payment is not paid by the close of business on the due date, such
16 payment shall be considered missed. Late charges, pickup charges,
17 delivery charges, rent due and reinstatement fees may be held from
18 the payment or may be accrued and collected when possible;

19 7. Requiring the payment of a delivery charge of more than
20 Fifteen Dollars (\$15.00) for delivery of an item or items within
21 fifteen (15) miles of the business location, or Thirty Dollars
22 (\$30.00) for delivery of an item or items more than fifteen (15)
23 miles from the business location. However, in the event a lessor
24 delivers more than five (5) items to a lessee's dwelling, the

1 delivery charge shall not exceed Forty-five Dollars (\$45.00)
2 regardless of the delivery distance. Delivery charges are allowed
3 only if the lessor actually delivers merchandise to the dwelling of
4 the lessee;

5 8. Requiring the payment of a charge exceeding Fifteen Dollars
6 (\$15.00) on any insufficient funds check;

7 9. Requiring a nonrefundable initial fee exceeding Ten Dollars
8 (\$10.00). An initial fee may be charged only once on an agreement;

9 10. Requiring a pickup charge exceeding Ten Dollars (\$10.00) on
10 late payments. If payments are monthly, a maximum of three pickup
11 charges may be assessed in a six-month period. If payments are more
12 frequent than monthly, a maximum of six pickup charges may be
13 assessed in a six-month period. The pickup charges may be assessed
14 and paid when the consumer makes the next scheduled payment or such
15 charges may be accrued; and

16 11. Requiring the payment of any other additional charges of
17 any nature whatsoever, other than those specified.

18 D. A rental-purchase agreement shall provide reinstatement
19 rights as follows:

20 1. A consumer who fails to make a timely payment may reinstate
21 a rental-purchase agreement without losing rights or options
22 previously acquired, by arranging with the lessor to make the past
23 due payments, within two (2) days after the due date of the payment
24 and by arranging to pay any fees due or by returning the property

1 within two (2) days if the lessor so requests. Provided, nothing
2 herein shall prevent the lessor from modifying payment arrangements
3 to allow the consumer to make the account current and to accrue any
4 charges due or any rent due to be paid at some future agreed upon
5 date. Partial payment agreements shall provide for the rent to be
6 prorated with notice to the consumer of the next due date.

7 2. If the rental property is returned during the reinstatement
8 period, other than through judicial process, the right to reinstate
9 the agreement shall be extended for a period of not less than thirty
10 (30) days after the date of the return of the property. Upon
11 reinstatement, the lessor shall provide the lessee with the same
12 rental property or substitute property of comparable quality and
13 condition. If substitute property is provided, the lessor shall
14 provide the lessee with the disclosures required in subsection B of
15 this section. Notice of the right to reinstate shall be disclosed
16 in the agreement.

17 E. An advertisement for a rental-purchase agreement that states
18 the amount of a payment and the right to acquire ownership of any
19 one particular item must clearly and conspicuously state:

20 1. That the transaction advertised is a rental-purchase
21 agreement; and

22 2. The total amount and the number of payments necessary to
23 acquire ownership.
24

1 F. Any consumer neglect of the merchandise resulting in
2 reasonable repairs will be the responsibility of the consumer and
3 charges for such repair may be received in payments agreed upon by
4 the lessor according to an agreed upon payment schedule.

5 G. When property that is not displayed or offered primarily for
6 rental-purchase is offered for rental-purchase, the following shall
7 be disclosed to the consumer prior to executing any rental-purchase
8 agreement:

- 9 1. The cash price of the property;
- 10 2. The amount of the periodic rental payment; and
- 11 3. The total number and amount of periodic rental payments
12 necessary to acquire ownership of the property.

13 H. In addition to the disclosures required by subsection B of
14 this section, if the property that is the subject of a rental-
15 purchase agreement was not displayed or offered primarily for
16 rental-purchase prior to the rental-purchase transaction, the
17 following additional disclosures shall be made on a separate page
18 titled "Acknowledgment of Rental-Purchase Transaction" and signed by
19 the lessee:

- 20 1. That the agreement is a rental-purchase agreement and the
21 lessee does not own the merchandise, but can obtain ownership by
22 using ownership options provided in the agreement;
 - 23 2. That the agreement is not a credit transaction;
- 24

1 3. That the lessee has the right to return the merchandise to
2 the lessor without additional charge or penalty at any time and will
3 owe nothing further except unpaid rent charges and fees;

4 4. That if the lessee returns the property the agreement offers
5 reinstatement rights which allow the lessee to get the property back
6 if the lessee has complied with the agreement and the law;

7 5. That the lessee has been advised of and reviewed the
8 lessor's cash price of the property, the amount of any periodic
9 payment and the total number and amount of periodic payments
10 necessary to acquire ownership of the property; and

11 6. That the lessee has reviewed and acknowledged the terms of
12 the agreement, including the purchase option rights and the total
13 cost if all scheduled payments are made.

14 SECTION 3. This act shall become effective November 1, 2016.

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16 55-2-9116 EK 02/16/16
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