

1 STATE OF OKLAHOMA

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

3 HOUSE BILL 2626

By: Osborn

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5
6 AS INTRODUCED

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

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

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

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

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

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

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

3 4. "Displayed or offered primarily for rental-purchase" means
4 personal property displayed or offered at a physical location with
5 fifty percent (50%) or more of its revenue from rental-purchase
6 agreements;

7 5. "Initial fee" means any fee charged to initiate a contract
8 however designated;

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

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

13 ~~5.~~ 8. "Lessor" means a person who regularly provides the use of
14 property through consumer rental-purchase agreement; 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 for property displayed or
11 offered primarily for rental-purchase shall disclose the following
12 items, as applicable:

13 1. Whether the property is new or used;

14 2. The period and amount of payments;

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

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

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

22 6. The amount of any deposit required by lessor and the
23 conditions under which it shall be refundable or nonrefundable;
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1 7. If applicable, that the lessee may purchase from the lessor
2 insurance to cover the property or a waiver of liability for damage
3 to or destruction of the property, and the amount of any such charge
4 or fee. The insurance or waiver of liability coverage may be
5 offered to the lessee at any time during the term of the rental-
6 purchase agreement;

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

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

10 1. Requiring a confession of judgment;

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

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

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

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

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

21 7. Requiring the payment of a delivery charge of more than
22 Fifteen Dollars (\$15.00) for delivery of an item or items within
23 fifteen (15) miles of the business location, or Thirty Dollars
24 (\$30.00) for delivery of an item or items more than fifteen (15)

1 miles from the business location. However, in the event a lessor
2 delivers more than five (5) items to a lessee's dwelling, the
3 delivery charge shall not exceed Forty-five Dollars (\$45.00)
4 regardless of the delivery distance. Delivery charges are allowed
5 only if the lessor actually delivers merchandise to the dwelling of
6 the lessee;

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

9 9. Requiring a nonrefundable initial fee exceeding Ten Dollars
10 (\$10.00). An initial fee may be charged only once on an agreement;

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

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

20 D. A rental-purchase agreement shall provide reinstatement
21 rights as follows:

22 1. A consumer who fails to make a timely payment may reinstate
23 a rental-purchase agreement without losing rights or options
24 previously acquired, by arranging with the lessor to make the past

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

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

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

22 1. That the transaction advertised is a rental-purchase
23 agreement; and
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1 2. The total amount and the number of payments necessary to
2 acquire ownership.

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

7 G. In addition to the disclosures required by subsection B of
8 this section, if the property that is the subject of a rental-
9 purchase agreement was not displayed or offered primarily for
10 rental-purchase, the following additional disclosures shall be made
11 on a separate page titled "Acknowledgment of Rental-Purchase
12 Transaction" and signed by the lessee:

13 1. That the agreement is a lease and the lessee does not own
14 the merchandise, but can obtain ownership by using ownership options
15 provided in the agreement;

16 2. That the agreement is not a credit transaction;

17 3. That the lessee has the right to return the merchandise to
18 the lessor at any time and will owe nothing further except accrued
19 but unpaid rent and fees;

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

1 5. That the lessee has reviewed and understands the agreement,
2 including the purchase option rights and the total cost if all
3 scheduled payments are made.

4 H. When property that is not displayed or offered primarily for
5 rental-purchase is offered for rental-purchase, the following shall
6 be disclosed:

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

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

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13 55-2-8849 EK 01/20/16
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