

1 STATE OF OKLAHOMA

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

3 SENATE BILL 944

By: Thompson

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5
6 AS INTRODUCED

7 An Act relating to the Oklahoma Rental-Purchase Act;
8 amending 59 O.S. 2011, Sections 1951 and 1954, which
9 relate to definitions and disclosure requirements;
10 defining term; requiring certain additional
11 disclosures for certain property; and providing an
12 effective date.

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

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

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

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

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

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

1 4. "Lessee" means a natural person who rents personal property
2 under a consumer rental-purchase agreement;

3 5. "Lessor" means a person who regularly provides the use of
4 property through consumer rental-purchase agreement;

5 6. "Rental-purchase agreement" means an agreement for the use
6 of personal property by a consumer for personal, family, or
7 household purposes, for an initial period of four (4) months or
8 less, that is renewable with each payment after the initial period,
9 and that permits the consumer to become the owner of the property.
10 An agreement that complies with this definition is not a consumer
11 credit sale as defined in Section 2-104 of Title 14A of the Oklahoma
12 Statutes, or a consumer loan as defined in Section 3-104 of Title
13 14A of the Oklahoma Statutes, or a refinancing or consolidation
14 thereof, or a consumer lease as defined in Section 2-106 of Title
15 14A of the Oklahoma Statutes, or a lease or agreement which
16 constitutes a security interest as defined in paragraph (37) of
17 Section 1-201 of Title 12A of the Oklahoma Statutes or a lease or
18 agreement which constitutes a sale of goods as defined in subsection
19 (4) of Section 2-105 of Title 14A of the Oklahoma Statutes;

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

22 8. "Initial fee" means any fee charged to initiate a contract
23 however designated; and
24

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

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

7 Section 1954. A. The disclosures required by the Oklahoma
8 Rental-Purchase Act:

9 1. Shall be made clearly and conspicuously;

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

12 3. May use terminology different from that employed in the
13 Oklahoma Rental-Purchase Act if it conveys substantially the same
14 meaning;

15 4. May be supplemented by additional information or
16 explanations supplied by the lessor;

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

20 6. Shall be made to the person who signs the rental-purchase
21 agreement, except that in a transaction involving more than one
22 lessee, a disclosure statement or a copy of the agreement need not
23 be given to more than one of the lessees;
24

1 7. Shall be made by the lessor specified on the rental-purchase
2 license.

3 B. A rental-purchase agreement for property displayed or
4 offered primarily for rental-purchase shall disclose the following
5 items, as applicable:

6 1. Whether the property is new or used;

7 2. The period and amount of payments;

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

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

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

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

17 7. If applicable, that the lessee may purchase from the lessor
18 insurance to cover the property or a waiver of liability for damage
19 to or destruction of the property, and the amount of any such charge
20 or fee. The insurance or waiver of liability coverage may be
21 offered to the lessee at any time during the term of the rental-
22 purchase agreement;

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

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

2 1. Requiring a confession of judgment;

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

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

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

18 5. Requiring the purchase of a waiver of liability from the
19 lessor for damage to or destruction of the property; provided,
20 however, that the lessor may offer to the lessee any such waiver of
21 liability if it is clearly and conspicuously disclosed on the face
22 of the waiver of liability agreement, in print not less than 8 point
23 bold face type, that the purchase of any such waiver of liability by
24 the lessee from the lessor is optional. The charge for any waiver

1 of liability shall not exceed five percent (5%) of the rental
2 payment or One Dollar (\$1.00), whichever is greater;

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

12 7. Requiring the payment of a delivery charge of more than
13 Fifteen Dollars (\$15.00) for delivery of an item or items within
14 fifteen (15) miles of the business location, or Thirty Dollars
15 (\$30.00) for delivery of an item or items more than fifteen (15)
16 miles from the business location. However, in the event a lessor
17 delivers more than five (5) items to a lessee's dwelling, the
18 delivery charge shall not exceed Forty-five Dollars (\$45.00)
19 regardless of the delivery distance. Delivery charges are allowed
20 only if the lessor actually delivers merchandise to the dwelling of
21 the lessee;

22 8. Requiring the payment of a charge exceeding Fifteen Dollars
23 (\$15.00) on any insufficient funds check;
24

1 9. Requiring a nonrefundable initial fee exceeding Ten Dollars
2 (\$10.00). An initial fee may be charged only once on an agreement;

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

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

12 D. A rental-purchase agreement shall provide reinstatement
13 rights as follows:

14 1. A consumer who fails to make a timely payment may reinstate
15 a rental-purchase agreement without losing rights or options
16 previously acquired, by arranging with the lessor to make the past
17 due payments, within two (2) days after the due date of the payment
18 and by arranging to pay any fees due or by returning the property
19 within two (2) days if the lessor so requests. Provided, nothing
20 herein shall prevent the lessor from modifying payment arrangements
21 to allow the consumer to make the account current and to accrue any
22 charges due or any rent due to be paid at some future agreed upon
23 date. Partial payment agreements shall provide for the rent to be
24 prorated with notice to the consumer of the next due date.

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

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

14 1. That the transaction advertised is a rental-purchase
15 agreement; and

16 2. The total amount and the number of payments necessary to
17 acquire ownership.

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

22 G. In addition to the disclosures required by paragraph B
23 above, if the property that is the subject of a rental-purchase
24 agreement was not displayed or offered primarily for rental-purchase

1 then the following additional disclosures shall be made on a
2 separate page titled "Acknowledgment of Rental-Purchase Transaction"
3 and signed by the lessee:

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

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

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

11 4. That if the lessee returns the property, the agreement
12 offers reinstatement rights, which allow the lessee to get the
13 property back if lessee has complied with the agreement and the law;
14 and

15 5. That the lessee has reviewed and understands the agreement,
16 including the purchase option rights and the total cost if all
17 scheduled payments are made.

18 H. When property that is not displayed or offered primarily for
19 rental-purchase is offered for rental-purchase, the following shall
20 be disclosed:

21 1. The cash price of the property;

22 2. The amount of the periodic rental payment; and

23 3. The total number and amount of periodic rental payments
24 necessary to acquire ownership of the property.

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

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