

HOUSE BILL 334

I3, I2

3lr0843
CF SB 589

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

Committee Report: Favorable with amendments

House action: Adopted

Read second time: February 15, 2013

CHAPTER _____

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,

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 Article – Commercial Law
2 Section 12–1103, 12–1104, 12–1111, and 12–1111.1
3 Annotated Code of Maryland
4 (2005 Replacement Volume and 2012 Supplement)

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

7 **Article – Commercial Law**

8 12–1101.

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

10 (I) **“COST OF LEASE SERVICES” MEANS THE DIFFERENCE BETWEEN**
11 **THE FINAL PURCHASE PRICE OF RENTAL PROPERTY AND THE CASH PRICE OF**
12 **RENTAL PROPERTY.**

13 12–1103.

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

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

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

21 (c) A lessor shall:

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

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

28 [(2)] (3) Make the disclosures required under this subtitle on the face
29 of the rental–purchase agreement **AND SUMMARY OF COSTS CHART** above the
30 consumer’s signature [line] **LINES**; and

31 [(3)] (4) Deliver a copy of the rental–purchase agreement **AND THE**
32 **SUMMARY OF COSTS CHART** to the consumer.

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

4 12-1104.

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

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

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

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

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

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

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

19 **[(5)] (6)** The total of initial payments paid or required to be paid at or
20 before consummation of the rental-purchase agreement or delivery of the rental
21 property, whichever is later;

22 **[(6)] (7)** A statement that the total of rental payments does not
23 include other charges, such as reinstatement fees, damage fees, or pickup fees;

24 **[(7)] (8)** A statement that the consumer has the right to exercise an
25 early purchase option and the price, formula, or method for determining the early
26 purchase option price;

27 **[(8)] (9)** A statement that the consumer must pay the early purchase
28 option price for the rental property if, and when, the rental property is lost, stolen,
29 damaged, or destroyed;

30 **[(9)] (10)** (i) A statement identifying the lessor as the party
31 responsible for maintaining or servicing the rental property while it is being rented;

1 (ii) A description of that responsibility; and

2 (iii) A statement that if any part of a manufacturer's express
3 warranty covers the rental property at the time the consumer acquires ownership of
4 the rental property, it shall be transferred to the consumer, if allowed by the terms of
5 the warranty;

6 ~~[(10)]~~ **(11)** The date of consummation and the identities of the lessor
7 and consumer;

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

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

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

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

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

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

20 **(3) THE TOTAL PURCHASE PRICE IF THE PAYMENT SCHEDULE
21 UNDER ITEM (2) OF THIS SUBSECTION IS COMPLETED ACCORDING TO THE
22 SCHEDULE; AND**

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

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

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

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

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

1 12-1111.

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

4 "Rental-Purchase Agreement

5	1.	Lessor(s):	Lessee(s):
6		Name _____	Name _____
7		Address _____	Address _____
8		Telephone no. _____	Telephone no. _____

9 2. Description of Rental Property:

10			Identification	
11	Item	Quantity	Number	Condition
12	_____	_____	_____	New _____
13				Used _____

14 Cash Price: _____

15 3. Total Initial Payment:

16		Rental Payment:	\$ _____
17		Delivery Charge:	\$ _____
18		Tax:	\$ _____
19		Other (specify):	\$ _____
20		Total:	\$ _____

21 4. Rental Payments:

22	Total Weekly Rental Payment:	_____	(includes tax)
23	Total Monthly Rental Payment:	_____	(includes tax)

24 5. Other Charges:

25	In Home Pick-up Fee:	\$ _____
26	Reinstatement Fee:	\$ _____
27	Other (specify):	\$ _____

28 6. Total Cost To Acquire Ownership:

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

34 7. COST OF LEASE SERVICES:

35 THE COST OF LEASE SERVICES IS THE DIFFERENCE BETWEEN THE FINAL
36 PURCHASE PRICE OF THE RENTAL PROPERTY AND THE CASH PRICE OF
37 THE RENTAL PROPERTY. THE COST OF LEASE SERVICES FOR THE RENTAL

1 choose to reinstate the agreement after returning the rental property,
 2 you will have up to 21 days (or longer depending on how long you have
 3 rented the rental property) to pay all past due rental charges, a
 4 reinstatement fee and a reasonable redelivery fee if we deliver the
 5 rental property.

6 I have read the above disclosures before signing this rental-purchase agreement.
 7 Lessee(s): _____ Date: _____
 8 _____.”

9 (B) THE FOLLOWING IS AN EXAMPLE OF A FORM WHICH SHALL BE USED
 10 TO SATISFY THE DISCLOSURE REQUIREMENTS OF §§ 12-1103(C) AND
 11 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: _____	
_____		_____	

32
33

1 12-1111.1.

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

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

Approved:

Governor.

Speaker of the House of Delegates.

President of the Senate.