

## Chapter 295

(House Bill 334)

AN ACT concerning

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

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

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

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

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

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

### **Article – Commercial Law**

12–1101.

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

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

12-1103.

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

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

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

(c) A lessor shall:

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

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

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

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

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

12-1104.

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

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

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

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

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

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

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

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

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

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

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

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

(ii) A description of that responsibility; and

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

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

[(11)] (12) A statement that the consumer may terminate the rental–purchase agreement without penalty by voluntarily surrendering or returning

the rental property in good repair, normal wear and tear excepted, upon expiration of any rental term and payment of any past due rental payments;

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

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

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

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

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

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

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

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

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

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

(3) Whether the property is new or used.

12–1111.

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

“Rental–Purchase Agreement

1.	Lessor(s):	Lessee(s):
	Name _____	Name _____
	Address _____	Address _____
	Telephone no. _____	Telephone no. _____

2. Description of Rental Property:

Item	Quantity	Identification Number	Condition
_____	_____	_____	New _____
			Used _____

Cash Price: \_\_\_\_\_

3. Total Initial Payment:

Rental Payment: \$ \_\_\_\_\_  
 Delivery Charge: \$ \_\_\_\_\_  
 Tax: \$ \_\_\_\_\_  
 Other (specify): \$ \_\_\_\_\_  
 Total: \$ \_\_\_\_\_

4. Rental Payments:

Total Weekly Rental Payment: \_\_\_\_\_ (includes tax)  
 Total Monthly Rental Payment: \_\_\_\_\_ (includes tax)

5. Other Charges:

In Home Pick-up Fee: \$ \_\_\_\_\_  
 Reinstatement Fee: \$ \_\_\_\_\_  
 Other (specify): \$ \_\_\_\_\_

6. Total Cost To Acquire Ownership:

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

7. **COST OF LEASE SERVICES:**

**THE COST OF LEASE SERVICES IS THE DIFFERENCE BETWEEN THE FINAL PURCHASE PRICE OF THE RENTAL PROPERTY AND THE CASH PRICE OF THE RENTAL PROPERTY. THE COST OF LEASE SERVICES FOR THE RENTAL PROPERTY IS \$\_\_\_\_\_.**

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

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

[8.] 9. Early Purchase Option:

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

(Describe formula or method here)

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

**[10.] 11. Warranty:**  
 If allowed by the manufacturer, the manufacturer’s express warranty covering the rental property rented under this agreement will be transferred to you if, and at the time, you acquire ownership of the rental property.

**[11.] 12. Damages:**  
 You (lessee) are entirely responsible for loss, damages, theft or destruction of the rental property while it is in your possession. Your liability for such damage will not exceed the early purchase option price of the rental property as of the date it is lost, stolen, damaged or destroyed.

**[12.] 13. Termination:**  
 You (lessee) may terminate this agreement without penalty at the end of any weekly or monthly term by returning the rental property to us in good condition. You will be liable for any unpaid rental payments due upon the date of return.

**[13.] 14. Reinstatement:**  
 If you (lessee) fail to make a timely payment, you may reinstate the agreement without penalty, if:

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

I have read the above disclosures before signing this rental–purchase agreement.

Lessee(s): \_\_\_\_\_ Date: \_\_\_\_\_  
 \_\_\_\_\_.”

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

<b>SUMMARY OF COSTS OF YOUR RENTAL-PURCHASE AGREEMENT</b>			
<b>CASH PRICE</b>	<b>SCHEDULED PAYMENTS</b>	<b>FINAL PURCHASE PRICE</b>	<b>COST OF LEASE SERVICES</b>
<b>THE PRICE OF THE RENTAL PROPERTY IF PURCHASED IN-STORE AT THE TIME OF CONSUMMATION.</b>  \$ _____	<b>THE AMOUNT YOU PAY PER WEEK/MONTH.</b>  \$ _____	<b>THE AMOUNT YOU WILL HAVE PAID AFTER YOU HAVE MADE ALL PAYMENTS AS SCHEDULED.</b>  \$ _____	<b>THE COST OF YOUR RENTAL-PURCHASE TRANSACTION.</b>  <div style="text-align: right;">                         _____%  <del>OR</del> </div> \$ _____
<b>TIMING OF PAYMENTS: PAYMENT IN THE AMOUNT OF \$ _____ IS DUE ON A (WEEKLY/BI-WEEKLY/SEMI-MONTHLY/MONTHLY) BASIS.</b>			
<b>EARLY PAYMENT OPTION: YOU HAVE THE RIGHT TO PURCHASE THE RENTAL PROPERTY PRIOR TO THE DATE LISTED ABOVE FOR (ENTER FORMULA).</b>			
<b>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.</b>			
<b>THE DISCLOSURES ABOVE ARE PART OF THE TERMS AND CONDITIONS OF YOUR RENTAL-PURCHASE AGREEMENT WITH (COMPANY NAME).</b>			
<b>LESSEE(S):</b> _____		<b>DATE:</b> _____	

12-1111.1.

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

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

**Approved by the Governor, May 2, 2013.**