

# SENATE BILL 589

I3, I2

3lr2898  
CF HB 334

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By: **Senators Pugh, Benson, Forehand, Kasemeyer, Montgomery, and Muse**

Introduced and read first time: February 1, 2013

Assigned to: Finance

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Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: February 25, 2013

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## 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,  
21 Article – Commercial Law  
22 Section 12–1103, 12–1104, 12–1111, and 12–1111.1

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**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 Annotated Code of Maryland  
2 (2005 Replacement Volume and 2012 Supplement)

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

5 **Article – Commercial Law**

6 12–1101.

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

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

11 12–1103.

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

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

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

19 (c) A lessor shall:

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

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

26 **[(2)] (3)** Make the disclosures required under this subtitle on the face  
27 of the rental–purchase agreement **AND SUMMARY OF COSTS CHART** above the  
28 consumer’s signature **[line] LINES**; and

29 **[(3)] (4)** Deliver a copy of the rental–purchase agreement **AND THE**  
30 **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;

32 (ii) A description of that responsibility; and

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

5 [(10)] (11) The date of consummation and the identities of the lessor  
6 and consumer;

7 [(11)] (12) A statement that the consumer may terminate the  
8 rental-purchase agreement without penalty by voluntarily surrendering or returning  
9 the rental property in good repair, normal wear and tear excepted, upon expiration of  
10 any rental term and payment of any past due rental payments;

11 [(12)] (13) Notice of the consumer's right to reinstate an agreement as  
12 provided in § 12-1106 of this subtitle; and

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

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

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

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

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

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

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

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

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

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

30 12-1111.

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

3 "Rental-Purchase Agreement

4 1. Lessor(s): Lessee(s):  
 5 Name \_\_\_\_\_ Name \_\_\_\_\_  
 6 Address \_\_\_\_\_ Address \_\_\_\_\_  
 7 Telephone no. \_\_\_\_\_ Telephone no. \_\_\_\_\_

8 2. Description of Rental Property:  
 9  
 10 Item Quantity Identification Number Condition  
 11 \_\_\_\_\_ \_\_\_\_\_ \_\_\_\_\_ New \_\_\_\_\_  
 12 \_\_\_\_\_ \_\_\_\_\_ \_\_\_\_\_ Used \_\_\_\_\_

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

14 3. Total Initial Payment:  
 15 Rental Payment: \$ \_\_\_\_\_  
 16 Delivery Charge: \$ \_\_\_\_\_  
 17 Tax: \$ \_\_\_\_\_  
 18 Other (specify): \$ \_\_\_\_\_  
 19 Total: \$ \_\_\_\_\_

20 4. Rental Payments:  
 21 Total Weekly Rental Payment: \_\_\_\_\_ (includes tax)  
 22 Total Monthly Rental Payment: \_\_\_\_\_ (includes tax)

23 5. Other Charges:  
 24 In Home Pick-up Fee: \$ \_\_\_\_\_  
 25 Reinstatement Fee: \$ \_\_\_\_\_  
 26 Other (specify): \$ \_\_\_\_\_

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

33 7. COST OF LEASE SERVICES:  
 34 THE COST OF LEASE SERVICES IS THE DIFFERENCE BETWEEN THE FINAL  
 35 PURCHASE PRICE OF THE RENTAL PROPERTY AND THE CASH PRICE OF  
 36 THE RENTAL PROPERTY. THE COST OF LEASE SERVICES FOR THE RENTAL  
 37 PROPERTY IS \$ \_\_\_\_\_.

1 [7.] 8. No Ownership Until Total Paid:  
2 You will not acquire ownership of the rental property until you pay the total  
3 rental payments necessary to acquire ownership, or unless you exercise an  
4 early purchase option.

5 [8.] 9. Early Purchase Option:  
6 You may purchase the rental property at any time after your first rental  
7 payment.

8 (Describe formula or method here)

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

15 [10.] 11. Warranty:  
16 If allowed by the manufacturer, the manufacturer's express warranty  
17 covering the rental property rented under this agreement will be  
18 transferred to you if, and at the time, you acquire ownership of the rental  
19 property.

20 [11.] 12. Damages:  
21 You (lessee) are entirely responsible for loss, damages, theft or destruction  
22 of the rental property while it is in your possession. Your liability for such  
23 damage will not exceed the early purchase option price of the rental  
24 property as of the date it is lost, stolen, damaged or destroyed.

25 [12.] 13. Termination:  
26 You (lessee) may terminate this agreement without penalty at the end of  
27 any weekly or monthly term by returning the rental property to us in good  
28 condition. You will be liable for any unpaid rental payments due upon the  
29 date of return.

30 [13.] 14. Reinstatement:  
31 If you (lessee) fail to make a timely payment, you may reinstate the  
32 agreement without penalty, if:  
33 1) You pay all past due rental charges and a reinstatement fee within 2  
34 days (weekly renters) or 5 days (monthly renters) of your renewal date;  
35 or  
36 2) You return or voluntarily surrender the rental property within 2 days  
37 (weekly renters) or 5 days (monthly renters) of your renewal date. If you  
38 choose to reinstate the agreement after returning the rental property,  
39 you will have up to 21 days (or longer depending on how long you have  
40 rented the rental property) to pay all past due rental charges, a

1 reinstatement fee and a reasonable redelivery fee if we deliver the  
 2 rental property.

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

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

6 (B) THE FOLLOWING IS AN EXAMPLE OF A FORM WHICH SHALL BE USED  
 7 TO SATISFY THE DISCLOSURE REQUIREMENTS OF §§ 12-1103(C) AND  
 8 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.  $\frac{\text{_____}}{\text{_____}} \%$ <del>OR</del> \$ _____
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: _____	

31 12-1111.1.

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

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

Approved:

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Governor.

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President of the Senate.

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Speaker of the House of Delegates.