

1 ENGROSSED SENATE AMENDMENT
TO
2 ENGROSSED HOUSE
BILL NO. 2626

By: Osborn of the House

and

Thompson of the Senate

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 updating citation; providing disclosures for certain
12 property; requiring separate disclosures for property
13 not displayed or offered primarily for rental-
14 purchase; and providing an effective date.

14 AMENDMENT NO. 1. Page 1, strike the title, enacting clause and
15 entire bill and insert

16 "[consumer protection - automatic renewal provisions
17 - codification - effective date]

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

20 SECTION 1. NEW LAW A new section of law to be codified
21 in the Oklahoma Statutes as Section 222 of Title 15, unless there is
22 created a duplication in numbering, reads as follows:

23 No contract for the rental of goods or rental-related services
24 where all or substantially all of the contract terms are drafted by

1 the provider of such goods or services shall contain any automatic
2 renewal provision that extends the initial term of the contract for
3 any period longer than six (6) months. Nothing in this section
4 shall be construed to prohibit the parties to the contract from
5 entering into a new contract at the end of the initial term of the
6 contract or at any time after an extension of the contract as
7 provided by this section.

8 SECTION 2. This act shall become effective November 1, 2016."

9 and when the title is restored, amend the title to
10 conform
11 Passed the Senate the 21st day of April, 2016.

12 _____
13 Presiding Officer of the Senate

14 Passed the House of Representatives the ____ day of _____,
15 2016.

16 _____
17 Presiding Officer of the House
18 of Representatives

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7 An Act relating to professions and occupations;
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9 relate to the Oklahoma Rental-Purchase Act; adding
10 definition; modifying sequence of defined terms;
11 updating citation; providing disclosures for certain
12 property; requiring separate disclosures for property
13 not displayed or offered primarily for rental-
14 purchase; and providing an effective date.

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

16 SECTION 3. AMENDATORY 59 O.S. 2011, Section 1951, is
17 amended to read as follows:

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

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

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

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

1 4. "Initial fee" means any fee charged to initiate a contract
2 however designated;

3 5. "Initial period" means from the date of inception to the
4 first scheduled installment;

5 6. "Lessee" means a natural person who rents personal property
6 under a consumer rental-purchase agreement;

7 ~~5.~~ 7. "Lessor" means a person who regularly provides the use of
8 property through consumer rental-purchase agreement;

9 8. Property that is "displayed or offered primarily for rental-
10 purchase" means personal property displayed or offered at a physical
11 location which derives fifty percent (50%) or more of its revenue
12 from rental-purchase agreements; and

13 ~~6.~~ 9. "Rental-purchase agreement" means an agreement for the
14 use of personal property by a consumer for personal, family, or
15 household purposes, for an initial period of four (4) months or
16 less, that is renewable with each payment after the initial period,
17 and that permits the consumer to become the owner of the property.
18 An agreement that complies with this definition is not a consumer
19 credit sale as defined in Section 2-104 of Title 14A of the Oklahoma
20 Statutes, or a consumer loan as defined in Section 3-104 of Title
21 14A of the Oklahoma Statutes, or a refinancing or consolidation
22 thereof, or a consumer lease as defined in Section 2-106 of Title
23 14A of the Oklahoma Statutes, or a lease or agreement which
24 constitutes a security interest as defined in paragraph ~~(37)~~ (35) of

1 subsection (b) of Section 1-201 of Title 12A of the Oklahoma
2 Statutes or a lease or agreement which constitutes a sale of goods
3 as defined in subsection (4) of Section 2-105 of Title 14A of the
4 Oklahoma Statutes;

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

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

9 SECTION 4. AMENDATORY 59 O.S. 2011, Section 1954, is
10 amended to read as follows:

11 Section 1954. A. The disclosures required by the Oklahoma
12 Rental-Purchase Act:

13 1. Shall be made clearly and conspicuously;

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

16 3. May use terminology different from that employed in the
17 Oklahoma Rental-Purchase Act if it conveys substantially the same
18 meaning;

19 4. May be supplemented by additional information or
20 explanations supplied by the lessor;

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

24

1 6. Shall be made to the person who signs the rental-purchase
2 agreement, except that in a transaction involving more than one
3 lessee, a disclosure statement or a copy of the agreement need not
4 be given to more than one of the lessees; and

5 7. Shall be made by the lessor specified on the rental-purchase
6 license.

7 B. A rental-purchase agreement shall disclose the following
8 items, as applicable:

9 1. Whether the property is new or used;

10 2. The period and amount of payments;

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

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

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

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

20 7. If applicable, that the lessee may purchase from the lessor
21 insurance to cover the property or a waiver of liability for damage
22 to or destruction of the property, and the amount of any such charge
23 or fee. The insurance or waiver of liability coverage may be
24

1 offered to the lessee at any time during the term of the rental-
2 purchase agreement; and

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

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

6 1. Requiring a confession of judgment;

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

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

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

22 5. Requiring the purchase of a waiver of liability from the
23 lessor for damage to or destruction of the property; provided,
24 however, that the lessor may offer to the lessee any such waiver of

1 liability if it is clearly and conspicuously disclosed on the face
2 of the waiver of liability agreement, in print not less than 8-point
3 ~~bold-face~~ boldface type, that the purchase of any such waiver of
4 liability by the lessee from the lessor is optional. The charge for
5 any waiver of liability shall not exceed five percent (5%) of the
6 rental payment or One Dollar (\$1.00), whichever is greater;

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

16 7. Requiring the payment of a delivery charge of more than
17 Fifteen Dollars (\$15.00) for delivery of an item or items within
18 fifteen (15) miles of the business location, or Thirty Dollars
19 (\$30.00) for delivery of an item or items more than fifteen (15)
20 miles from the business location. However, in the event a lessor
21 delivers more than five (5) items to a lessee's dwelling, the
22 delivery charge shall not exceed Forty-five Dollars (\$45.00)
23 regardless of the delivery distance. Delivery charges are allowed
24

1 only if the lessor actually delivers merchandise to the dwelling of
2 the lessee;

3 8. Requiring the payment of a charge exceeding Fifteen Dollars
4 (\$15.00) on any insufficient funds check;

5 9. Requiring a nonrefundable initial fee exceeding Ten Dollars
6 (\$10.00). An initial fee may be charged only once on an agreement;

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

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

16 D. A rental-purchase agreement shall provide reinstatement
17 rights as follows:

18 1. A consumer who fails to make a timely payment may reinstate
19 a rental-purchase agreement without losing rights or options
20 previously acquired, by arranging with the lessor to make the past
21 due payments, within two (2) days after the due date of the payment
22 and by arranging to pay any fees due or by returning the property
23 within two (2) days if the lessor so requests. Provided, nothing
24 herein shall prevent the lessor from modifying payment arrangements

1 to allow the consumer to make the account current and to accrue any
2 charges due or any rent due to be paid at some future agreed upon
3 date. Partial payment agreements shall provide for the rent to be
4 prorated with notice to the consumer of the next due date.

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

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

18 1. That the transaction advertised is a rental-purchase
19 agreement; and

20 2. The total amount and the number of payments necessary to
21 acquire ownership.

22 F. Any consumer neglect of the merchandise resulting in
23 reasonable repairs will be the responsibility of the consumer and
24

1 charges for such repair may be received in payments agreed upon by
2 the lessor according to an agreed upon payment schedule.

3 G. When property that is not displayed or offered primarily for
4 rental-purchase is offered for rental-purchase, the following shall
5 be disclosed to the consumer prior to executing any rental-purchase
6 agreement:

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 H. In addition to the disclosures required by subsection B of
12 this section, if the property that is the subject of a rental-
13 purchase agreement was not displayed or offered primarily for
14 rental-purchase prior to the rental-purchase transaction, the
15 following additional disclosures shall be made on a separate page
16 titled "Acknowledgment of Rental-Purchase Transaction" and signed by
17 the lessee:

18 1. That the agreement is a rental-purchase agreement and the
19 lessee does not own the merchandise, but can obtain ownership by
20 using ownership options provided in the agreement;

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

22 3. That the lessee has the right to return the merchandise to
23 the lessor without additional charge or penalty at any time and will
24 owe nothing further except unpaid rent charges and fees;

