

HOUSE No. 3419

The Commonwealth of Massachusetts

PRESENTED BY:

Kay Khan

To the Honorable Senate and House of Representatives of the Commonwealth of Massachusetts in General Court assembled:

The undersigned legislators and/or citizens respectfully petition for the passage of the accompanying:

An Act regarding further protection of consumers in the Commonwealth.

PETITION OF:

NAME:	DISTRICT/ADDRESS:
<i>Kay Khan</i>	<i>11th Middlesex</i>
<i>Brian M. Ashe</i>	<i>2nd Hampden</i>
<i>Marcos A. Devers</i>	<i>16th Essex</i>
<i>John J. Mahoney</i>	<i>13th Worcester</i>
<i>Denise Provost</i>	<i>27th Middlesex</i>

HOUSE No. 3419

By Ms. Khan of Newton, a petition (accompanied by bill, House, No. 3419) of Kay Khan and others relative to consumer leases and subsequent ownership of rented property. Consumer Protection and Professional Licensure.

The Commonwealth of Massachusetts

An Act regarding further protection of consumers in the Commonwealth.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

1 SECTION 1. Section 90 of chapter 93 of the General Laws, as appearing in the 2010
2 Official Edition, is hereby amended by inserting before the definition of “Consumer lease”, the
3 following definition:-

4 “Cash price”, the price at which retail sellers are selling and retail buyers are buying the
5 same or similar property for cash in the same trade area in which the lessor's place of business is
6 located. Cash price may be established by multiplying the documented actual cost, including
7 freight charges and applicable taxes, of the lease-purchase property from an unaffiliated
8 wholesaler, distributor, or manufacturer by the following percentages and adding that amount to
9 the supplier's charge:

- 10 (1) for kitchen and major appliances: 56 per cent;
- 11 (2) for electronics: 56 per cent;
- 12 (3) for furniture: 67 per cent;
- 13 (4) for jewelry: 82 per cent; and
- 14 (5) for other household goods: 67 per cent.

15 SECTION 2. Said chapter 93 of the General Laws, as so appearing, is hereby further
16 amended by inserting after section 91 the following section:-

17 Section 91A. (a) No lessor shall offer a consumer lease in which the total payments
18 necessary to acquire ownership exceed twice the cash price of the rented property.

19 (b) When 50 per cent of all rental payments made by a lessee equals the cash price of the
20 property disclosed to the lessee in the consumer lease, the lessee shall own the rented property
21 and the consumer lease shall terminate.

22 (c) A lessor shall maintain records that establish that the price disclosed as the cash price
23 in a consumer lease is the cash price pursuant to sections 90 to 93, inclusive.

24 SECTION 3. Said chapter 93 of the General Laws, as so appearing, is hereby further
25 amended by inserting after section 92 the following section:-

26 Section 92A. (a) The lessee may reinstate a consumer lease at any time; provided,
27 however, that if a lessee is served with a civil complaint for an action in a court of competent
28 jurisdiction arising out of the consumer lease, such reinstatement may be held in abeyance by the
29 court.

30 (b) When a lessee fails to timely make 1 or more periodic payments, he or she may
31 reinstate the original consumer lease, without losing any right or option of the lessee under the
32 consumer lease, within 60 days after the expiration of the last period for which the consumer
33 made a timely payment; provided, that if a lessee has made more than 40 per cent of the regular
34 payments required to obtain ownership of the goods, pursuant to the consumer lease, the lessee
35 shall have 90 days to reinstate the consumer lease; provided, however, that when a lessor seeks
36 to repossess the property and has lawfully repossessed the property 2 previous times during the
37 same transaction, the consumer may not reinstate the consumer lease.

38 (c) If reinstatement occurs pursuant to this section, the lessor shall provide the lessee with
39 the same property leased by the lessee prior to the reinstatement or if such property is not
40 available to the lessor, substitute property that is of no less quality and condition. When
41 substitute property is provided, the lessor shall make all disclosures required by sections 90 to
42 93, inclusive. When property under a consumer lease has been repossessed or returned to the
43 possession of the lessor prior to reinstatement, the lessor may charge a nominal reinstatement
44 fee, not to exceed \$5.