

HOUSE BILL 997

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CF SB 778

By: **Delegates Washington, Anderson, Arora, Bobo, Braveboy, Carr, Clippinger, Conaway, Cullison, Davis, Feldman, Frick, Frush, Gaines, Glenn, Howard, Huckler, Jameson, Kaiser, A. Kelly, Luedtke, McIntosh, A. Miller, Mitchell, Mizeur, Morhaim, Murphy, Nathan-Pulliam, Pena-Melnyk, B. Robinson, S. Robinson, Rosenberg, Summers, Tarrant, Vaughn, Walker, and Zucker**

Introduced and read first time: February 10, 2012

Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Commercial Law – Rental–Purchase Agreements Best Practices Act**

3 FOR the purpose of requiring certain annual percentage rates to be disclosed in a
4 rental–purchase agreement; prohibiting certain items from being included in a
5 rental–purchase agreement; altering the circumstances under which a
6 consumer may reinstate a rental–purchase agreement; requiring a reduction in
7 certain payments under certain circumstances; requiring a certain lessor to
8 maintain certain records for a certain period of time; establishing a certain
9 maximum price that may be charged to a consumer under certain
10 circumstances; establishing a certain maximum total amount paid by a certain
11 consumer over a certain period of time; requiring a lessor to provide a written
12 receipt and a written statement to a consumer under certain circumstances;
13 requiring a certain percentage rate to be stated on certain advertisements;
14 authorizing certain attorney’s fees and court costs for a certain violation;
15 providing that a certain violation is an unfair or deceptive trade practice under
16 the Maryland Consumer Protection Act; providing that a rental–purchase
17 agreement is void under certain circumstances; providing for certain penalties if
18 the agreement is void; prohibiting a lessor from bringing a certain court action
19 unless a certain notice is given to the consumer; requiring a rental–purchase
20 agreement to be written in a certain manner; altering a certain form used to
21 satisfy certain disclosure requirements; requiring a bill or invoice sent to a
22 consumer to contain certain information; authorizing the Attorney General’s
23 Office to adopt and enforce certain regulations and bring a certain civil action;
24 requiring the Attorney General’s Office to place certain items on its Web site;
25 altering a certain short title; defining certain terms; altering certain definitions;
26 and generally relating to rental–purchase agreements best practices.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 BY repealing and reenacting, with amendments,
2 Article – Commercial Law
3 Section 12–1101, 12–1104 through 12–1107, and 12–1109 through 12–1112
4 Annotated Code of Maryland
5 (2005 Replacement Volume and 2011 Supplement)

6 BY repealing and reenacting, without amendments,
7 Article – Commercial Law
8 Section 12–1102, 12–1103, and 12–1108
9 Annotated Code of Maryland
10 (2005 Replacement Volume and 2011 Supplement)

11 BY adding to
12 Article – Commercial Law
13 Section 12–1106.1, 12–1110.1, 12–1111.1, and 12–1111.2
14 Annotated Code of Maryland
15 (2005 Replacement Volume and 2011 Supplement)

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

18 **Article – Commercial Law**

19 12–1101.

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

21 (b) (1) “Advertisement” means a commercial message in any medium that
22 aids, promotes, or assists, directly or indirectly, a rental–purchase agreement.

23 (2) “Advertisement” does not include in–store merchandising ads.

24 (c) “APPLIANCE” MEANS ANY REFRIGERATOR, FREEZER, RANGE,
25 COOKTOP, OVEN, WASHER, DRYER, DISHWASHER, AIR CONDITIONER, AIR
26 PURIFIER, COMPUTER PROCESSOR, PRINTER, COMPUTER MONITOR, OR OTHER
27 SIMILAR MACHINE USED IN A HOUSEHOLD.

28 (d) “BALLOON PAYMENT” MEANS ANY PAYMENT GREATER THAN THE
29 REGULAR MONTHLY PAYMENT.

30 [(c)] (E) “Cash price” means the price at which the lessor would have sold
31 rental property covered by a rental–purchase agreement to the consumer
32 unconditionally for cash on the date of consummation.

1 **[(d)] (F)** “Consumer” means an individual who rents **OR ATTEMPTS TO**
2 **RENT** personal property under a rental–purchase agreement primarily for personal,
3 family, or household purposes.

4 **[(e)] (G)** “Consummation” means the time at which a consumer enters into
5 a rental–purchase agreement.

6 **(H) (1)** “**ELECTRONIC DEVICE**” MEANS:

7 **(I) A TELEVISION, RADIO, CAMERA, VIDEO GAME,**
8 **COMPUTER PROCESSOR, VIDEO MONITOR, PRINTER, OR PERIPHERAL DEVICE**
9 **DESIGNED PRIMARILY FOR USE WITH A COMPUTER; OR**

10 **(II) A DEVICE USED FOR THE RECORDING, STORAGE,**
11 **COPYING, PRINTING, TRANSMISSION, DISPLAY, OR PLAYBACK OF ANY SOUND OR**
12 **IMAGE.**

13 **(2) “ELECTRONIC DEVICE” DOES NOT INCLUDE AN APPLIANCE.**

14 **[(f)] (I)** “Lessor” means a person who regularly provides the use of personal
15 property through rental–purchase agreements to consumers and to whom rental
16 payments are initially payable on the face of a rental–purchase agreement.

17 **(J) “LESSOR’S COST” MEANS THE ACTUAL COST, INCLUDING FREIGHT**
18 **CHARGES, OF THE RENTAL PROPERTY TO THE LESSOR FROM A WHOLESALER,**
19 **DISTRIBUTOR, SUPPLIER, OR MANUFACTURER AND NET OF ANY DISCOUNTS,**
20 **REBATES, AND INCENTIVES.**

21 **[(g)] (K)** “Rental property” means personal property that is the subject of a
22 rental–purchase agreement.

23 **[(h)] (L)** “Rental–purchase agreement” means an agreement that:

24 (1) Is for the use of personal property by an individual primarily for
25 personal, family, or household purposes;

26 (2) [Is for an initial period of 4 months or less;

27 (3)] Is automatically renewable for a weekly or monthly period with
28 each rental payment after the initial period; and

29 **[(4)] (3)** Allows but does not obligate the consumer to become the
30 owner of the property.

31 12–1102.

1 (a) A rental–purchase agreement that complies with this subtitle may not be
2 deemed to be:

3 (1) A “retail sale”, as defined in § 12–601(s) of this title;

4 (2) An “installment sale agreement”, as defined in § 12–601(m) of this
5 title; or

6 (3) A “security interest”, as defined in § 1–201(37) of this article.

7 (b) This subtitle does not apply to:

8 (1) A rental–purchase agreement made primarily for business,
9 commercial, or agricultural purposes, or made with governmental agencies,
10 instrumentalities, or organizations;

11 (2) A rental of a safe deposit box;

12 (3) A lease or bailment of personal property that:

13 (i) Is incidental to the rental of real property; and

14 (ii) Provides that the consumer has no option to purchase the
15 rented real property; or

16 (4) A lease of an automobile.

17 12–1103.

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

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

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

25 (c) A lessor shall:

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

1 (2) Make the disclosures required under this subtitle on the face of the
2 rental–purchase agreement above the consumer’s signature line; and

3 (3) Deliver a copy of the rental–purchase agreement to the consumer.

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

7 12–1104.

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

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

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

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

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

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

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

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

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

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

32 (9) (i) A statement identifying the lessor as the party responsible
33 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) The date of consummation and the identities of the lessor and
7 consumer;

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

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

14 (13) Any other charges, including reinstatement fees, damage fees, and
15 pickup fees; AND

16 **(14) THE EFFECTIVE ANNUAL PERCENTAGE RATE (APR) OF EACH**
17 **ITEM OR THE SET OF ITEMS LEASED.**

18 (b) A lessor shall place on property which is to be leased as a part of a
19 rental-purchase agreement and is displayed in the lessor's place of business a tag
20 which shall indicate:

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

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

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

25 12-1105.

26 A rental-purchase agreement may not contain:

27 (1) A confession of judgment;

28 (2) A negotiable instrument;

29 (3) A security interest or any other claim of a property interest in any
30 goods except the rental property delivered by the lessor pursuant to the
31 rental-purchase agreement;

1 (4) A wage assignment;

2 (5) A waiver by the consumer of claims or defenses; [or]

3 (6) A provision authorizing the lessor or a person acting on the lessor's
4 behalf to enter upon the consumer's premises or to commit any breach of the peace in
5 the repossession of rental property;

6 (7) AN INTEREST RATE THAT EXCEEDS 6%;

7 (8) A REQUIREMENT THAT THE LESSOR HAVE INSURANCE;

8 (9) A PENALTY OR CHARGE FOR EARLY PURCHASE;

9 (10) A BALLOON PAYMENT TOTALING MORE THAN THREE
10 REGULAR MONTHLY PAYMENTS;

11 (11) A SECURITY DEPOSIT;

12 (12) MORE THAN ONE LATE CHARGE OR REINSTATEMENT FEE
13 DURING A PERIOD OF DELINQUENCY;

14 (13) A LATE CHARGE OR REINSTATEMENT FEE UNLESS A
15 CONSUMER HAS BEEN DELINQUENT FOR MORE THAN 5 DAYS;

16 (14) A MANDATORY ARBITRATION CLAUSE;

17 (15) ANY INFORMATION THAT IS NOT REQUIRED BY LAW;

18 (16) A TIME PERIOD LESS THAN 3 DAYS AFTER SIGNING THE
19 RENTAL-PURCHASE AGREEMENT FOR THE CONSUMER TO RESCIND THE
20 RENTAL-PURCHASE AGREEMENT; OR

21 (17) A CHARGE OR PENALTY FOR A LESSOR WHO RESCINDS THE
22 RENTAL-PURCHASE AGREEMENT BEFORE TAKING POSSESSION OF THE
23 PROPERTY SUBJECT TO THE RENTAL-PURCHASE AGREEMENT.

24 12-1106.

25 (a) A consumer who fails to make a timely rental payment may reinstate the
26 rental-purchase agreement, without losing any rights or options that exist under the
27 rental-purchase agreement, if within [5] 60 days of the renewal date, for a consumer
28 who renews on a monthly basis, or within [2] 21 days of the renewal date, for a

1 consumer who renews on a weekly basis, **BUT IN NO CASE LESS THAN 90 DAYS FOR**
2 **A CONSUMER WHO HAS PAID AT LEAST 51% OF THE TOTAL PAYMENTS**
3 **NECESSARY TO ACQUIRE OWNERSHIP OF THE RENTAL PROPERTY, IF** the
4 consumer pays:

5 (1) All past due rental charges;

6 (2) If the rental property has been picked up or repossessed, the
7 reasonable costs of pickup and redelivery; and

8 (3) Any applicable reinstatement fee, which may not exceed \$5.

9 (b) A consumer who has paid less than ~~[two-thirds]~~ **51%** of the total of
10 payments necessary to acquire ownership of the rental property and who has returned
11 or voluntarily surrendered the rental property without judicial process during the
12 applicable reinstatement period under subsection (a) of this section or who has made
13 the property available for pickup at the request of the lessor, whichever occurs last,
14 may reinstate the rental-purchase agreement prior to a date not less than 21 days
15 after the date of the return of the rental property.

16 (c) A consumer who has paid ~~[two-thirds]~~ **51%** or more of the total of
17 payments necessary to acquire ownership of the rental property and who has returned
18 or voluntarily surrendered the rental property without judicial process during the
19 applicable period set forth in subsection (a) of this section or who has made the
20 property available for pickup at the request of the lessor, whichever occurs last, may
21 reinstate the rental-purchase agreement prior to a date not less than ~~[45]~~ **90** days
22 after the date of the return of the rental property.

23 (d) Nothing in this section shall prevent a lessor from repossessing the
24 property during the reinstatement period, but a repossession may not affect the
25 consumer's right to reinstate. After reinstatement, the lessor shall provide the
26 consumer with the same rental property or a substitute property of comparable quality
27 and condition.

28 (e) (1) A lessor may repossess property under a rental-purchase
29 agreement if the consumer is in default of:

30 (i) Any sum due under the agreement; or

31 (ii) The performance of any promise the breach of which is
32 expressly made a ground for repossessing the property.

33 (2) A lessor may repossess property only by legal process or self-help
34 without the use of force. Nothing in this section authorizes a violation of criminal law.

1 (3) At the time of repossession of the property, the lessor shall deliver
2 to the consumer a written notice which states the right of the buyer to reinstate the
3 rental-purchase agreement, the last date by which the consumer may reinstate the
4 agreement, and the amount payable for reinstatement.

5 (4) **[The] A consumer WHO HAS PAID LESS THAN 51% OF THE**
6 **TOTAL PAYMENTS NECESSARY TO ACQUIRE OWNERSHIP OF THE RENTAL**
7 **PROPERTY** may reinstate the rental-purchase agreement within **[15] 21** days after
8 the date of repossession by paying **ONLY THE FOLLOWING**:

9 (i) All past due rental charges, **SUBJECT TO INTEREST AND**
10 **PENALTIES NOT TO EXCEED 6% OF THE ARREARAGE**;

11 (ii) The reasonable costs of pickup and redelivery; and

12 (iii) A reinstatement fee of \$5.

13 (5) **SUBJECT TO SUBSECTION (F) OF THIS SECTION, A CONSUMER**
14 **WHO PAID MORE THAN 51% OF THE VALUE OF THE TOTAL PAYMENTS**
15 **NECESSARY TO ACQUIRE OWNERSHIP OF THE RENTAL PROPERTY MAY**
16 **REINSTATE THE RENTAL-PURCHASE AGREEMENT WITHIN 90 DAYS AFTER THE**
17 **REPOSSESSION BY PAYING:**

18 (I) **ALL PAST DUE RENTAL CHARGES, SUBJECT TO**
19 **INTEREST AND PENALTIES NOT TO EXCEED 6% OF THE ARREARAGE**;

20 (II) **THE REASONABLE COSTS OF PICKUP AND REDELIVERY,**
21 **WHICH IN NO CASE MAY EXCEED 6% OF THE ARREARAGE; AND**

22 (III) **A REINSTATEMENT FEE OF \$5.**

23 (F) (1) **A CONSUMER WHO HAS SIGNED A RENTAL-PURCHASE**
24 **AGREEMENT AND EXPERIENCES AN INTERRUPTION OF INCOME OR REDUCTION**
25 **OF 25% OR MORE SHALL HAVE THE AMOUNT OF EACH PAYMENT REDUCED.**

26 (2) **THE INCOME INTERRUPTION OR REDUCTION UNDER**
27 **PARAGRAPH (1) OF THIS SUBSECTION MUST BE DUE TO:**

28 (I) **INVOLUNTARY JOB LOSS**;

29 (II) **INVOLUNTARY REDUCED EMPLOYMENT**;

30 (III) **ILLNESS**;

1 (IV) PREGNANCY; OR

2 (V) DISABILITY.

3 (3) TO QUALIFY FOR A PAYMENT REDUCTION UNDER PARAGRAPH
4 (1) OF THIS SUBSECTION, THE CONSUMER SHALL HAVE:

5 (I) PAID 51% OR MORE OF THE VALUE OF THE TOTAL
6 PAYMENTS NECESSARY TO ACQUIRE OWNERSHIP OF THE RENTAL PROPERTY;
7 AND

8 (II) PROVIDED TO THE LESSOR SOME EVIDENCE OF THE
9 AMOUNT AND CAUSE OF THE INTERRUPTION OR REDUCTION IN INCOME.

10 (4) THE LESSOR SHALL REDUCE THE AMOUNT OF EACH RENTAL
11 PAYMENT TO EQUAL THE LESSER OF:

12 (I) THE PERCENTAGE REDUCTION IN THE CONSUMER'S
13 INCOME; OR

14 (II) 50%.

15 12-1106.1.

16 (A) A LESSOR SHALL MAINTAIN FOR 4 YEARS AFTER THE FINAL
17 PAYMENT ON A RENTAL-PURCHASE AGREEMENT, THE FOLLOWING:

18 (1) RECORDS THAT ESTABLISH THE LESSOR'S COST FOR EACH
19 ITEM OF PROPERTY SUBJECT TO THE RENTAL-PURCHASE AGREEMENT;

20 (2) A COPY OF THE RENTAL-PURCHASE AGREEMENT; AND

21 (3) THE RECORDS ON WHICH THE CASH PRICE IS BASED.

22 (B) THE MAXIMUM CASH PRICE CHARGED TO A CONSUMER MAY NOT
23 EXCEED:

24 (1) 1.56% OF THE LESSOR'S COST FOR APPLIANCES OR
25 ELECTRONICS; OR

26 (2) 1.67% OF THE LESSOR'S COST FOR ANY ITEM THAT IS NOT AN
27 APPLIANCE OR ELECTRONIC DEVICE.

1 **(C) THE MAXIMUM TOTAL MONEY PAID OVER THE LIFE OF THE**
2 **RENTAL-PURCHASE AGREEMENT MAY NOT EXCEED TWO TIMES THE MAXIMUM**
3 **CASH PRICE.**

4 12-1107.

5 **(A) A lessor shall provide the consumer with a written receipt for each**
6 **payment under a rental-purchase agreement made [in person] by cash [or], money**
7 **order, OR ANY PAYMENT METHOD THAT DOES NOT PROVIDE EVIDENCE OF**
8 **PAYMENT.**

9 **(B) THE LESSOR SHALL PROVIDE THE CONSUMER WITH A WRITTEN**
10 **STATEMENT OF ACCOUNT WITHIN 3 DAYS AFTER THE CONSUMER'S REQUEST.**

11 12-1108.

12 (a) When a rental-purchase agreement is satisfied and replaced by a new
13 rental-purchase agreement between the lessor and consumer, the lessor and consumer
14 shall negotiate a new rental-purchase agreement requiring new disclosures.

15 (b) The following do not require the negotiation of a new rental-purchase
16 agreement:

17 (1) The addition or return of rental property under a multiple-item
18 agreement or the substitution of the rental property, if in either case the average
19 payment allocable to a payment period is not changed by more than 25 percent;

20 (2) A deferral or extension of 1 or more rental payments, or portions of
21 a rental payment;

22 (3) A reduction in charges in the rental-purchase agreement; or

23 (4) A rental-purchase agreement involved in a court proceeding.

24 12-1109.

25 (a) An advertisement for a rental-purchase agreement that refers to or
26 states the dollar amount of any payment and the right to acquire ownership for any 1
27 specific item shall clearly and conspicuously state, as applicable:

28 (1) That the transaction advertised is a rental-purchase agreement;

29 (2) The total cost and the number of payments necessary to acquire
30 ownership; [and]

1 (3) That the consumer acquires no ownership right if the total amount
2 necessary to acquire ownership is not paid; **AND**

3 **(4) THE EFFECTIVE ANNUAL PERCENTAGE RATE (APR) OF THE**
4 **RENTAL-PURCHASE AGREEMENT.**

5 (b) Any owner, employee, or agent of any medium in which an advertisement
6 appears or through which it is disseminated may not be liable for violations under this
7 section.

8 (c) The requirements under subsection (a) of this section do not apply to an
9 advertisement that:

10 (1) Does not refer to or state the amount of any payment; or

11 (2) Is published in the yellow pages of a telephone directory or in any
12 similar directory of business.

13 12-1110.

14 (a) A person who willfully and intentionally **OR NEGLIGENTLY** violates any
15 provision of this subtitle is guilty of a misdemeanor and on conviction is subject to a
16 fine not to exceed \$500 per violation.

17 (b) For a violation of a provision of this subtitle, a consumer under a
18 rental-purchase agreement may recover from the lessor committing the violation, or
19 may set off by way of a counterclaim in an action brought by the lessor or its assignee,
20 an amount equal to:

21 (1) Actual damages; [and]

22 (2) \$500 plus reasonable attorney's fees and court costs **FOR A**
23 **NEGLIGENT VIOLATION; AND**

24 **(3) \$1,000 PLUS REASONABLE ATTORNEY'S FEES AND COURT**
25 **COSTS FOR A WILLFUL AND INTENTIONAL VIOLATION.**

26 (c) A lessor or its assignee may not be held liable under this subtitle if the
27 lessor or its assignee proves by a preponderance of the evidence:

28 (1) That the violation was unintentional and resulted from a bona fide
29 error, notwithstanding the maintenance of procedures reasonably adopted to avoid
30 that type of error; and

1 (2) That the lessor or its assignee corrected the error and refunded any
2 money excessively charged due to the error, within 30 days after discovering or
3 receiving notice of the error.

4 **(D) A WILLFUL AND INTENTIONAL VIOLATION OF THIS SUBTITLE IS AN**
5 **UNFAIR OR DECEPTIVE TRADE PRACTICE UNDER TITLE 13, SUBTITLE 3 OF THIS**
6 **ARTICLE.**

7 **(E) (1) THE RENTAL-PURCHASE AGREEMENT IS VOID IF A LESSOR**
8 **WILLFULLY AND INTENTIONALLY DISCLOSES A CASH PRICE OR TOTAL OF**
9 **PAYMENTS THAT EXCEEDS THE AMOUNT PERMITTED UNDER THIS SUBTITLE.**

10 **(2) IF THE RENTAL-PURCHASE AGREEMENT IS VOIDED UNDER**
11 **PARAGRAPH (1) OF THIS SUBSECTION:**

12 **(I) THE CONSUMER SHALL RETAIN THE MERCHANDISE**
13 **WITHOUT OBLIGATION TO THE LESSOR; AND**

14 **(II) THE LESSOR SHALL REFUND TO THE CONSUMER ALL**
15 **AMOUNTS PAID, INCLUDING ANY FEES, DELIVERY CHARGES, AND PENALTIES.**

16 **12-1110.1.**

17 **(A) A LESSOR MAY NOT BRING A COURT ACTION TO RECOVER**
18 **PROPERTY SUBJECT TO A RENTAL-PURCHASE AGREEMENT UNTIL 15 DAYS**
19 **AFTER THE CONSUMER HAS RECEIVED ACTUAL NOTICE OF A DEFAULT.**

20 **(B) NOTICE OF DEFAULT SENT BY CERTIFIED MAIL TO THE**
21 **CONSUMER'S LAST KNOWN ADDRESS CONSTITUTES ACTUAL NOTICE.**

22 **(C) ANY PERSON AT THE LAST KNOWN ADDRESS OF THE CONSUMER**
23 **MAY SIGN FOR THE NOTICE.**

24 **(D) THE NOTICE SHALL INCLUDE ANY AMOUNT THE CONSUMER MUST**
25 **PAY TO REINSTATE THE RENTAL-PURCHASE AGREEMENT.**

26 **(E) THE AMOUNT STATED IN THE NOTICE SHALL CONSTITUTE**
27 **SATISFACTION OF THE RENTAL-PURCHASE AGREEMENT IF THE AMOUNT IS PAID**
28 **WITHIN 7 DAYS AFTER RECEIVING THE NOTICE.**

29 **(F) THE NOTICE OF DEFAULT ALSO MUST INCLUDE ANY LEGAL RIGHTS**
30 **THAT ARE REQUIRED BY THE ATTORNEY GENERAL TO BE DISCLOSED.**

1 (G) THE NOTICE REQUIRED BY THIS SECTION IS NOT A SUBSTITUTE FOR
2 ANY ADDITIONAL SERVICE OF PROCESS REQUIRED BY LAW.

3 12-1111.

4 (A) A RENTAL-PURCHASE AGREEMENT SHALL BE WRITTEN IN PLAIN
5 ENGLISH AND IN THE FORM OF OTHER LANGUAGE USED BY THE LESSOR IN
6 ADVERTISEMENTS RELATED TO RENTAL-PURCHASE AGREEMENTS.

7 (B) The following is an example of a form which shall be used to satisfy the
8 disclosure requirements of §§ 12-1103(c) and 12-1104 of this subtitle:

9 THE EFFECTIVE ANNUAL PERCENTAGE RATE (APR) OF THIS TRANSACTION
10 _____%

11 WARNING: DO NOT SIGN THIS AGREEMENT BEFORE YOU HAVE READ IT OR IF IT
12 CONTAINS BLANK SPACES.

13 "Rental-Purchase Agreement

14 1. Lessor(s): Lessee(s):
15 Name _____ Name _____
16 Address _____ Address _____
17 Telephone no. _____ Telephone no. _____

18 2. Description of Rental Property:

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

23 Cash Price: _____

24 3. Total Initial Payment:
25 Rental Payment: \$ _____
26 Delivery Charge: \$ _____
27 Tax: \$ _____
28 Other (specify): \$ _____
29 Total: \$ _____

30 4. Rental Payments:
31 Total Weekly Rental Payments: _____ (includes tax)
32 Total Monthly Rental Payment: _____ (includes tax)

33 5. Other Charges:
34 In Home Pick-up Fee: \$ _____
35 Reinstatement Fee: \$ _____

- 1 Other (specify): \$_____
- 2 6. Total Cost To Acquire Ownership:
- 3 If you renew this rental agreement each week/month, for _____
- 4 weeks/months, you will pay a total of \$_____ to own the rental property.
- 5 This amount includes your total initial payment but does not include other
- 6 charges such as damage, reinstatement or pick-up fees for which you may be
- 7 liable.
- 8 **THE EFFECTIVE ANNUAL PERCENTAGE RATE (APR) OF THIS**
- 9 **TRANSACTION IS _____%.**
- 10 7. No Ownership Until Total Paid:
- 11 You will not acquire ownership of the rental property until you pay the total
- 12 rental payments necessary to acquire ownership, or unless you exercise an early
- 13 purchase option.
- 14 8. Early Purchase Option:
- 15 You may purchase the rental property at any time after your first rental
- 16 payment.
- 17 (Describe formula or method here)
- 18 9. Maintenance:
- 19 We (lessor) are responsible for maintaining the rental property in good working
- 20 condition while it is being rented. We will provide all necessary service, repair or
- 21 replacement (specify if in home or in store) if you notify us by phone or mail that
- 22 service is needed. We will not be responsible for repairs done by anyone other
- 23 than us.
- 24 10. Warranty:
- 25 If allowed by the manufacturer, the manufacturer's express warranty covering
- 26 the rental property rented under this agreement will be transferred to you if, and
- 27 at the time, you acquire ownership of the rental property.
- 28 11. Damages:
- 29 You (lessee) are entirely responsible for loss, damages, theft or destruction of the
- 30 rental property while it is in your possession. Your liability for such damage will
- 31 not exceed the early purchase option price of the rental property as of the date it
- 32 is lost, stolen, damaged or destroyed.
- 33 12. Termination:
- 34 You (lessee) may terminate this agreement without penalty at the end of any
- 35 weekly or monthly term by returning the rental property to us in good condition.
- 36 You will be liable for any unpaid rental payments due upon the date of return.
- 37 13. Reinstatement:
- 38 If you (lessee) fail to make a timely payment, you may reinstate the agreement
- 39 without penalty, if:
- 40 1) You pay all past due rental charges and a reinstatement fee within [2] 21
- 41 days (weekly renters) or [5] 60 days (monthly renters) of your renewal date; or
- 42 2) You return or voluntarily surrender the rental property within 2 days (weekly
- 43 renters) or 5 days (monthly renters) of your renewal date. If you choose to
- 44 reinstate the agreement after returning the rental property, you will have up to
- 45 21 days (or longer depending on how long you have rented the rental property) to
- 46 pay all past due rental charges, a reinstatement fee and a reasonable redelivery
- 47 fee if we deliver the rental property.

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

2 Lessee(s): _____ Date: _____

3 _____.”

4 **12–1111.1.**

5 **EACH BILL OR INVOICE SENT TO A CONSUMER MUST CONTAIN THE:**

6 **(1) TOTAL AMOUNT PAID;**

7 **(2) TOTAL BALANCE DUE THAT MONTH;**

8 **(3) TOTAL OUTSTANDING BALANCE;**

9 **(4) EFFECTIVE ANNUAL PERCENTAGE RATE (APR) OF THE**
10 **TOTAL OUTSTANDING BALANCE; AND**

11 **(5) AMOUNT OF INTEREST SAVED BY PAYING DOWN THE TOTAL**
12 **OUTSTANDING BALANCE IN 6 MONTHS AND IN 1 YEAR.**

13 **12–1111.2.**

14 **(A) THE ATTORNEY GENERAL MAY ADOPT AND ENFORCE REGULATIONS**
15 **TO CARRY OUT THIS SUBTITLE.**

16 **(B) THE ATTORNEY GENERAL’S WEB SITE SHALL INCLUDE SAMPLE**
17 **FORMS AND RENTAL–PURCHASE AGREEMENTS FOR THE CONVENIENCE OF**
18 **LESSORS.**

19 **(C) THE ATTORNEY GENERAL MAY BRING A CIVIL ACTION TO RESTRAIN**
20 **A LESSOR OR A PERSON ACTING ON BEHALF OF THE ATTORNEY GENERAL**
21 **FROM:**

22 **(1) MAKING OR ENFORCING UNCONSCIONABLE TERMS OR**
23 **PROVISIONS IN A RENTAL–PURCHASE AGREEMENT;**

24 **(2) ENGAGING IN FRAUDULENT OR UNCONSCIONABLE CONDUCT**
25 **TO INDUCE A CONSUMER TO ENTER INTO A RENTAL–PURCHASE AGREEMENT OR**
26 **RELATED TRANSACTION; OR**

27 **(3) ENGAGING IN FRAUDULENT OR UNCONSCIONABLE CONDUCT**
28 **IN THE COLLECTION OF PAYMENTS ARISING FROM A RENTAL–PURCHASE**
29 **AGREEMENT.**

1 12-1112.

2 This subtitle may be cited as the Maryland Rental–Purchase Agreement **BEST**
3 **PRACTICES** Act.

4 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
5 October 1, 2012.