

3083--E

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I N A S S E M B L Y

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Introduced by M. of A. PHEFFER, PRETLOW, PEOPLES-STOKES, GIANARIS, AUBRY, ORTIZ, SCHROEDER, GABRYSZAK -- Multi-Sponsored by -- M. of A. CAHILL, GLICK, HIKIND, HOYT, MAYERSOHN, TOWNS -- read once and referred to the Committee on Consumer Affairs and Protection -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee -- again reported from said committee with amendments, ordered reprinted as amended and recommitted to said committee -- again reported from said committee with amendments, ordered reprinted as amended and recommitted to said committee -- reported and referred to the Committee on Codes -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee -- again reported from said committee with amendments, ordered reprinted as amended and recommitted to said committee

AN ACT to amend the personal property law, in relation to providing consumers with greater protection in rental purchase agreements; and to repeal certain provisions of such law relating thereto

THE PEOPLE OF THE STATE OF NEW YORK, REPRESENTED IN SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

1 Section 1. Legislative findings and intent. The legislature finds and
2 declares that merchants that lease personal property pursuant to
3 rental-purchase agreements, commonly referred to as rent-to-own agree-
4 ments, provide a unique transaction that is popular with many consumers.
5 The legislature also finds that rent-to-own merchants provide credit-
6 constrained consumers with the ability to obtain high quality goods and
7 the flexibility to terminate agreements at any time without further
8 obligation.
9 The legislature also finds that article 11 of the personal property
10 law fails to provide rent-to-own merchants with appropriate regulatory
11 guidance with respect to how such merchants are to set cash prices. The
12 legislature further finds and declares that there is a need to clarify

EXPLANATION--Matter in *ITALICS* (underscored) is new; matter in brackets
[] is old law to be omitted.

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1 article 11 of the personal property law to ensure that rent-to-own
2 merchants set cash prices at fair and reasonable levels.

3 The legislature also finds that consumers need clear and useful
4 disclosures in order to make informed decisions regarding rent-to-own
5 agreements.

6 Therefore, it is the intent of the legislature to require rent-to-own
7 merchants to provide consumers with enhanced disclosures and to imple-
8 ment fair and reasonable methods for use by rent-to-own merchants in
9 setting cash prices, ensuring that rent-to-own customers pay fair prices
10 and providing much-needed regulatory guidance to rent-to-own merchants.

11 S 2. Subdivisions 2 and 6 of section 500 of the personal property law,
12 as added by chapter 792 of the laws of 1986, are amended and seven new
13 subdivisions 7, 8, 9, 10, 11, 12 and 13 are added to read as follows:

14 2. "Cash price" means the price [at which a merchant, in the ordinary
15 course of business, would offer to sell the merchandise to the consumer
16 for cash on the date] OF THE MERCHANDISE DESCRIBED IN THE RENTAL-PUR-
17 CHASE AGREEMENT THAT THE CONSUMER MAY PAY IN CASH TO THE MERCHANT AT THE
18 INCEPTION of the rental-purchase agreement TO ACQUIRE OWNERSHIP OF SUCH
19 MERCHANDISE.

20 6. "Rental-purchase agreement" means an agreement for the use of
21 merchandise by a consumer for PRIMARILY personal, family, or household
22 purposes, for an initial period of four months or less, that is renewa-
23 ble with each payment after the initial period and that permits the
24 [lessee] CONSUMER to become the owner of the property. An agreement
25 that complies with this article is not a retail installment sales
26 contract, agreement, or obligation as defined in this chapter [or] NOR a
27 security interest as defined in subdivision thirty-seven of section
28 1-201 of the uniform commercial code.

29 7. "COST OF RENTAL" MEANS THE DIFFERENCE BETWEEN THE TOTAL OF PAYMENTS
30 NECESSARY TO ACQUIRE OWNERSHIP UNDER THE RENTAL-PURCHASE AGREEMENT AND
31 THE CASH PRICE OF THE RENTAL MERCHANDISE THAT IS SUBJECT TO THE RENTAL-
32 PURCHASE AGREEMENT.

33 8. "FEE" MEANS ANY PAYMENT, CHARGE, FEE, COST, OR EXPENSE, HOWEVER
34 DENOMINATED, OTHER THAN A RENTAL PAYMENT.

35 9. "APPLIANCE" MEANS AND INCLUDES ANY REFRIGERATOR, FREEZER, RANGE
36 INCLUDING ANY COOK TOP OR OVEN, MICROWAVE OVEN, WASHER, DRYER, DISHWASH-
37 ER, OR ROOM AIR CONDITIONER OR AIR PURIFIER OR OTHER MACHINE FOR ROUTINE
38 HOUSEHOLD TASKS.

39 10. "ELECTRONIC SET" MEANS AND INCLUDES ANY TELEVISION, RADIO, CAMERA,
40 VIDEO GAME, COMPUTER SYSTEM OR ANY TYPE OF DEVICE FOR THE RECORDING,
41 STORAGE, COPYING, PRINTING, TRANSMISSION, DISPLAY, OR PLAYBACK OF ANY
42 SOUND OR IMAGE.

43 11. "MERCHANT'S COST" MEANS THE DOCUMENTED ACTUAL COST, INCLUDING
44 ACTUAL FREIGHT CHARGES, OF THE RENTAL MERCHANDISE TO THE MERCHANT FROM A
45 WHOLESALE, DISTRIBUTOR, SUPPLIER, OR MANUFACTURER AND NET OF ANY
46 DISCOUNTS, REBATES, AND INCENTIVES THAT ARE VESTED AND CALCULABLE AS TO
47 A SPECIFIC ITEM OF MERCHANDISE AT THE TIME THE MERCHANT ACCEPTS DELIVERY
48 OF THE MERCHANDISE.

49 12. "TOTAL OF PAYMENTS" MEANS THE TOTAL AMOUNT OF PERIODIC PAYMENTS
50 NECESSARY TO ACQUIRE OWNERSHIP OF THE MERCHANDISE THAT IS THE SUBJECT OF
51 THE RENTAL-PURCHASE AGREEMENT IF THE CONSUMER MAKES ALL REGULARLY SCHED-
52 ULED PAYMENTS.

53 13. "PERIODIC PAYMENT" MEANS A PAYMENT TO BE MADE BY A CONSUMER FOR
54 THE RIGHT OF THE POSSESSION AND USE OF MERCHANDISE FOR A SPECIFIC RENTAL
55 PERIOD, BUT DOES NOT INCLUDE TAXES IMPOSED ON SUCH PAYMENT.

1 S 3. Subdivisions 5, 6 and 7 of section 501 of the personal property
2 law, as added by chapter 792 of the laws of 1986, are amended and a new
3 subdivision 8 is added to read as follows:

4 5. A rental-purchase agreement must provide that:

5 (a) a charge in addition to periodic payments, if any, must be reason-
6 ably related to the cost of a service performed;

7 (b) a consumer who fails to make a timely payment may reinstate an
8 agreement without losing rights or options previously acquired and with-
9 out incurring any charges, other than rental charges for the time he
10 possessed the property, except for those charges provided for in para-
11 graph (e) of subdivision three of THIS section [five hundred one of this
12 article] by making the required payment before the later of seven days
13 or half the number of days in a regular payment period after the due
14 date of the payment; [and]

15 (c) if the merchandise is returned or voluntarily surrendered by the
16 consumer, other than through judicial process, during the applicable
17 reinstatement period set forth in paragraph (b) of this subdivision, the
18 consumer's right to reinstate the agreement as set forth in paragraph
19 (b) of this subdivision shall be extended for a period of not less than
20 [thirty days] ONE YEAR after the date of the return of the merchandise.
21 [If a consumer has paid one-half the total of payments necessary to
22 acquire ownership, the right to reinstate the agreement shall be
23 extended for a period of not less than sixty days after the date of the
24 return of the merchandise. If a consumer has paid three-quarters of the
25 total of payments necessary to acquire ownership, the consumer's rights
26 to reinstate the agreement shall be extended for a period of not less
27 than one hundred eighty days after the return of the merchandise.]

28 6. This section does not prevent a merchant from attempting to repos-
29 sess merchandise during the reinstatement period[,] provided in para-
30 graph (b) of subdivision five of this section. The consumer's right to
31 reinstate an agreement does not expire because of such a repossession.
32 IF THE CONSUMER IS ENTITLED TO REINSTATEMENT AFTER REPOSSESSION, THEN,
33 WITHIN FIFTEEN DAYS OF THE REPOSSESSION, THE MERCHANT SHALL PROVIDE
34 WRITTEN NOTICE TO THE CONSUMER OF THE CONSUMER'S RIGHT TO REINSTATE THE
35 AGREEMENT PURSUANT TO PARAGRAPH (C) OF SUBDIVISION FIVE OF THIS SECTION.
36 On reinstatement, the merchant shall provide the consumer with the same
37 merchandise or substitute merchandise of comparable quality and condi-
38 tion. If substitute merchandise is provided, the merchant shall provide
39 the consumer with the disclosures required in subdivision seven of this
40 section.

41 7. [A rental-purchase agreement must disclose in a conspicuous and
42 informative fashion:

43 (a) a description of the merchandise provided;

44 (b) whether the merchandise is new or used, provided however, that it
45 shall not be a violation of this section to indicate that the merchan-
46 dise is used if it is actually new;

47 (c) the amount and timing of rental-purchase payments;

48 (d) the total number of payments and the total amount that must be
49 paid to acquire ownership of the merchandise, which amount shall be
50 explicitly labelled "total cost";

51 (e) the amount and purpose of any payment, charge, or fee, in addition
52 to the regular periodic payments;

53 (f) whether the consumer is liable for loss or damage to the merchan-
54 dise and, if so, the maximum amount for which the consumer may be
55 liable, which in the case of loss shall in no event be greater than the
56 price the consumer would have paid to exercise an early purchase option

1 pursuant to this article. In the case of damage to the merchandise,
2 other than normal wear and tear the consumer shall be liable for the
3 lesser of the price the consumer would have paid to exercise an early
4 purchase option pursuant to this article or the cost of the repair as
5 determined by the merchant;

6 (g) that the consumer does not acquire ownership rights unless the
7 consumer has complied with the ownership terms of the agreement;

8 (h) the cash price of the merchandise; and

9 (i) a statement of the conditions under which a consumer may exercise
10 an early purchase option and under which the merchant or consumer may
11 otherwise terminate the lease] (A) EVERY RENTAL-PURCHASE AGREEMENT SHALL
12 BE CONTAINED IN A SINGLE DOCUMENT WHICH SHALL SET FORTH ALL OF THE
13 AGREEMENTS OF THE MERCHANT AND THE CONSUMER WITH RESPECT TO THE RIGHTS
14 AND OBLIGATIONS OF EACH PARTY. EVERY RENTAL-PURCHASE AGREEMENT SHALL
15 CLEARLY AND CONSPICUOUSLY DISCLOSE ALL OF THE FOLLOWING:

16 (1) THE NAMES OF THE MERCHANT AND THE CONSUMER, THE MERCHANT'S BUSI-
17 NESS ADDRESS AND TELEPHONE NUMBER, THE CONSUMER'S ADDRESS, THE DATE ON
18 WHICH THE AGREEMENT IS EXECUTED, AND A DESCRIPTION OF THE MERCHANDISE
19 SUFFICIENT TO IDENTIFY IT;

20 (2) WHETHER THE MERCHANDISE SUBJECT TO THE RENTAL-PURCHASE AGREEMENT
21 IS NEW OR USED, PROVIDED, HOWEVER THAT IT SHALL NOT BE A VIOLATION OF
22 THIS SECTION TO INDICATE THAT THE MERCHANDISE IS USED IF IT IS ACTUALLY
23 NEW;

24 (3) THE MINIMUM PERIOD FOR WHICH THE CONSUMER IS OBLIGATED UNDER THE
25 RENTAL-PURCHASE AGREEMENT; THE DURATION OF THE RENTAL-PURCHASE AGREEMENT
26 IF ALL REGULARLY SCHEDULED PERIODIC PAYMENTS ARE MADE, DESIGNATED AS THE
27 "RENTAL PERIOD"; AND THE AMOUNT OF EACH PERIODIC PAYMENT;

28 (4) THE TOTAL OF PAYMENTS AND THE TOTAL NUMBER OF PERIODIC PAYMENTS
29 NECESSARY TO ACQUIRE OWNERSHIP OF THE MERCHANDISE IF THE RENTER MAKES
30 ALL REGULARLY SCHEDULED PERIODIC PAYMENTS;

31 (5) THE CASH PRICE OF THE MERCHANDISE SUBJECT TO THE RENTAL PURCHASE
32 AGREEMENT;

33 (6) THE COST OF RENTAL;

34 (7) THE AMOUNT AND PURPOSE OF ANY OTHER PAYMENT OR FEE IN ADDITION TO
35 THOSE SPECIFIED PURSUANT TO SUBPARAGRAPHS THREE AND FOUR OF THIS PARA-
36 GRAPH, INCLUDING ANY LATE PAYMENT FEE;

37 (8) A STATEMENT THAT THE TOTAL NUMBER AND DOLLAR AMOUNT OF PAYMENTS
38 NECESSARY TO ACQUIRE OWNERSHIP OF THE RENTAL MERCHANDISE DISCLOSED UNDER
39 SUBPARAGRAPH FOUR OF THIS PARAGRAPH DOES NOT INCLUDE OTHER FEES, SUCH AS
40 LATE PAYMENT FEES, AND THAT THE CONSUMER SHOULD READ THE RENTAL-PURCHASE
41 AGREEMENT FOR AN EXPLANATION OF ANY APPLICABLE ADDITIONAL FEES;

42 (9) WHETHER THE CONSUMER IS LIABLE FOR LOSS OR DAMAGE TO THE MERCHAN-
43 DISE AND, IF SO, THE MAXIMUM AMOUNT FOR WHICH THE CONSUMER MAY BE
44 LIABLE, WHICH IN THE CASE OF LOSS SHALL IN NO EVENT BE GREATER THAN THE
45 PRICE THE CONSUMER WOULD HAVE PAID TO EXERCISE AN EARLY PURCHASE OPTION
46 PURSUANT TO THIS ARTICLE. IN THE CASE OF DAMAGE TO THE MERCHANDISE,
47 OTHER THAN NORMAL WEAR AND TEAR THE CONSUMER SHALL BE LIABLE FOR THE
48 LESSER OF THE PRICE THE CONSUMER WOULD HAVE PAID TO EXERCISE AN EARLY
49 PURCHASE OPTION PURSUANT TO THIS ARTICLE OR THE COST OF THE REPAIR AS
50 DETERMINED BY THE MERCHANT;

51 (10) THAT THE CONSUMER DOES NOT ACQUIRE OWNERSHIP RIGHTS UNLESS THE
52 CONSUMER HAS COMPLIED WITH THE OWNERSHIP TERMS OF THE AGREEMENT;

53 (11) THE FOLLOWING NOTICE:

54 NOTICE

1 YOU ARE RENTING THIS MERCHANDISE. YOU WILL NOT OWN IT UNTIL YOU MAKE
2 ALL OF THE REGULARLY SCHEDULED PAYMENTS OR YOU USE THE EARLY PURCHASE
3 OPTION.

4 YOU DO NOT HAVE THE RIGHT TO KEEP THE MERCHANDISE IF YOU DO NOT MAKE
5 REQUIRED PAYMENTS OR DO NOT USE THE EARLY PURCHASE OPTION. IF YOU MISS A
6 PAYMENT, THE MERCHANT CAN REPOSSESS THE MERCHANDISE, BUT, YOU MAY HAVE
7 THE RIGHT TO THE RETURN OF THE SAME OR SIMILAR MERCHANDISE.

8 SEE THE CONTRACT FOR AN EXPLANATION OF YOUR RIGHTS.

9 (12) A STATEMENT OF THE CONSUMER'S RIGHT TO ACQUIRE OWNERSHIP AS
10 PROVIDED IN SECTION FIVE HUNDRED FOUR OF THIS ARTICLE, INCLUDING
11 SUBSTANTIALLY THE FOLLOWING STATEMENT: "THE ATTACHED CHART SHOWS THE
12 AMOUNT REQUIRED TO EXERCISE YOUR EARLY PURCHASE OPTION AFTER EACH
13 RENEWAL PAYMENT, ASSUMING YOU MAKE EACH PERIODIC PAYMENT ON TIME." THE
14 RENTAL-PURCHASE AGREEMENT SHALL BE ACCOMPANIED BY A CHART SHOWING THE
15 AMOUNT REQUIRED TO EXERCISE THE CONSUMER'S EARLY PURCHASE OPTION AFTER
16 EACH PERIODIC PAYMENT IF PAYMENTS ARE MADE AS SCHEDULED;

17 (13) A DESCRIPTION OF THE CONSUMER'S REINSTATEMENT RIGHTS AS PROVIDED
18 IN SUBDIVISION FIVE OF THIS SECTION;

19 (14) A DESCRIPTION OF THE CONSUMER'S RIGHT TO LOWER PERIODIC PAYMENT
20 AMOUNTS AS PROVIDED IN SECTION FIVE HUNDRED FOUR-A OF THIS ARTICLE.

21 (15) IF WARRANTY COVERAGE IS TRANSFERABLE TO A CONSUMER WHO ACQUIRES
22 OWNERSHIP OF THE MERCHANDISE, A STATEMENT THAT THE UNEXPIRED PORTION OF
23 ALL WARRANTIES PROVIDED BY THE MANUFACTURER, DISTRIBUTOR, OR SELLER OF
24 THE MERCHANDISE THAT IS THE SUBJECT OF THE RENTAL-PURCHASE AGREEMENT
25 WILL BE TRANSFERRED BY THE MERCHANT TO THE CONSUMER AT THE TIME THE
26 CONSUMER ACQUIRES OWNERSHIP OF THE MERCHANDISE FROM THE MERCHANT; AND

27 (16) A DESCRIPTION OF THE MERCHANT'S OBLIGATION TO MAINTAIN THE RENTAL
28 MERCHANDISE AND TO REPAIR OR REPLACE RENTAL MERCHANDISE THAT IS NOT
29 OPERATING PROPERLY, AS PROVIDED IN SECTION FIVE HUNDRED FOUR-B OF THIS
30 ARTICLE.

31 (B) (1) THE DISCLOSURES REQUIRED BY SUBPARAGRAPHS THREE, FOUR, FIVE,
32 AND SIX OF PARAGRAPH (A) OF THIS SUBDIVISION SHALL BE PRINTED IN AT
33 LEAST TEN-POINT BOLDFACED TYPE OR CAPITAL LETTERS IF TYPED AND SHALL BE
34 GROUPED TOGETHER IN A BOX FORMED BY A HEAVY LINE IN THE FOLLOWING FORM:

TOTAL OF PAYMENTS	COST OF RENTAL	CASH PRICE
\$ YOU MUST PAY THIS AMOUNT TO OWN THE MERCHANDISE IF YOU MAKE ALL THE REGULAR PAYMENTS. YOU CAN BUY THE MERCHANDISE FOR LESS UNDER THE EARLY PURCHASE OPTION.	\$ AMOUNT OVER CASH PRICE YOU WILL PAY IF YOU MAKE ALL REGULAR PAYMENTS.	\$ MERCHANDISE AVAILABLE AT THIS PRICE FOR CASH FROM THE MERCHANT. SEE ABOUT YOUR EARLY PURCHASE OPTION RIGHTS.

	AMOUNT OF EACH PAYMENT	NUMBER OF PAYMENTS	RENTAL PERIOD
	\$ PER		
	<hr/>		
	(INSERT PERIOD)		
<hr/>			
1	(2) THE BOX DESCRIBED IN SUBPARAGRAPH ONE OF THIS PARAGRAPH SHALL		
2	APPEAR IMMEDIATELY ABOVE THE SPACE RESERVED FOR THE CONSUMER'S SIGNA-		
3	TURE.		
4	(C) THE DISCLOSURES REQUIRED BY SUBPARAGRAPHS THREE, FOUR, FIVE, AND		
5	SIX OF PARAGRAPH (A) OF THIS SUBDIVISION SHALL BE GROUPED TOGETHER IN A		
6	BOX FORMED BY A HEAVY LINE IN THE FORM PRESCRIBED IN PARAGRAPH (B) OF		
7	THIS SUBDIVISION AND SHALL BE CLEARLY AND CONSPICUOUSLY PLACED ON A TAG		
8	OR STICKER AFFIXED TO THE MERCHANDISE AVAILABLE FOR RENTAL-PURCHASE. IF		
9	THE MERCHANDISE AVAILABLE FOR RENTAL-PURCHASE IS NOT DISPLAYED AT THE		
10	MERCHANT'S PLACE OF BUSINESS BUT APPEARS IN A PHOTOGRAPH OR CATALOG		
11	SHOWN TO CONSUMERS, A TAG OR STICKER SHALL BE AFFIXED TO THE PHOTOGRAPH		
12	OF THE MERCHANDISE OR CATALOG SHOWN TO CONSUMERS OR SHALL BE GIVEN TO		
13	CONSUMERS. THE DISCLOSURE REQUIRED BY SUBPARAGRAPH TWO OF PARAGRAPH (A)		
14	OF THIS SUBDIVISION ALSO SHALL BE CLEARLY AND CONSPICUOUSLY PLACED ON		
15	THE TAG OR STICKER. THE PROVISIONS OF THIS PARAGRAPH SHALL NOT APPLY TO		
16	PHOTOGRAPHIC DEPICTIONS OF MERCHANDISE THAT COMPLY WITH THE PROVISIONS		
17	OF SECTION FIVE HUNDRED FIVE OF THIS ARTICLE.		
18	(D) ALL DISCLOSURES REQUIRED BY THIS SUBDIVISION SHALL BE PRINTED OR		
19	TYPED IN A COLOR OR SHADE THAT CLEARLY CONTRASTS WITH THE BACKGROUND.		
20	8. (A) (1) SUBJECT TO FEDERAL LAW AND REGULATION, NO RENTAL-PURCHASE		
21	AGREEMENT SHALL CONTAIN A MANDATORY ARBITRATION CLAUSE. NOTHING		
22	CONTAINED HEREIN SHALL BE CONSTRUED TO PROHIBIT A MERCHANT FROM INCORPO-		
23	RATING A PROVISION WITHIN SUCH CONTRACT THAT SUCH MERCHANT AGREES THAT		
24	THE DECISION OF THE ARBITRATOR OR PANEL OF ARBITRATORS SHALL BE FINAL IN		
25	ITS APPLICATION TO SUCH MERCHANT AND NOT SUBJECT TO COURT REVIEW.		
26	(2) THE PROVISIONS OF A MANDATORY ARBITRATION CLAUSE SHALL BE NULL AND		
27	VOID BUT SHALL NOT CONSTITUTE A VIOLATION OF THIS ARTICLE. THE INCLU-		
28	SION OF SUCH CLAUSE IN A RENTAL-PURCHASE AGREEMENT SHALL NOT SERVE TO		
29	IMPAIR THE ENFORCEABILITY OF ANY OTHER PROVISION OF SUCH CONTRACT.		
30	(B) FOR THE PURPOSES OF THIS SUBDIVISION THE FOLLOWING TERMS SHALL		
31	HAVE THE FOLLOWING MEANING:		
32	(1) "MANDATORY ARBITRATION CLAUSE" SHALL MEAN A TERM OR PROVISION		
33	CONTAINED IN A RENTAL-PURCHASE AGREEMENT WHICH REQUIRES THE CONSUMER TO		
34	SUBMIT ANY CONTROVERSY THEREAFTER ARISING UNDER SUCH AGREEMENT TO ARBI-		
35	TRATION PRIOR TO THE COMMENCEMENT OF ANY LEGAL ACTION TO ENFORCE THE		
36	PROVISIONS OF SUCH AGREEMENT AND WHICH ALSO FURTHER PROVIDES LANGUAGE TO		
37	THE EFFECT THAT THE DECISION OF THE ARBITRATOR OR PANEL OF ARBITRATORS		
38	IN ITS APPLICATION TO THE CONSUMER SHALL BE FINAL AND NOT SUBJECT TO		
39	COURT REVIEW.		
40	(2) THE TERM "ARBITRATION" SHALL MEAN THE USE OF A DECISION MAKING		
41	FORUM CONDUCTED BY AN ARBITRATOR OR PANEL OF ARBITRATORS WITHIN THE		
42	MEANING AND SUBJECT TO THE PROVISIONS OF ARTICLE SEVENTY-FIVE OF THE		
43	CIVIL PRACTICE LAW AND RULES.		
44	S 4. Section 502 of the personal property law, as added by chapter 792		
45	of the laws of 1986, is amended to read as follows:		

1 S 502. Availability. Every rental purchase agreement shall indicate
2 that a consumer at his or her [written] request shall be permitted to
3 review a completed rental-purchase agreement for up to [twenty-four]
4 FORTY-EIGHT hours prior to signing. A COPY OF THE FULLY COMPLETED
5 RENTAL-PURCHASE AGREEMENT AND ALL OTHER DOCUMENTS WHICH THE MERCHANT
6 REQUESTS THE CONSUMER TO SIGN SHALL BE GIVEN TO THE CONSUMER AT THE TIME
7 THEY ARE SIGNED. THE RENTAL-PURCHASE AGREEMENT SHALL NOT BE ENFORCEABLE
8 AGAINST THE CONSUMER UNTIL THE CONSUMER HAS RECEIVED A SIGNED COPY. IN
9 ADDITION TO ANY OTHER RIGHT OF CANCELLATION, A CONSUMER HAS THE RIGHT TO
10 CANCEL A RENTAL-PURCHASE AGREEMENT, WITHOUT PENALTY OR OBLIGATION IF THE
11 CONSUMER HAS NOT TAKEN POSSESSION OF THE PROPERTY.

12 S 5. Section 503 of the personal property law is REPEALED and a new
13 section 503 is added to read as follows:

14 S 503. TOTAL COST. 1. A MERCHANT SHALL MAINTAIN RECORDS THAT ESTAB-
15 LISH THE MERCHANT'S COST FOR EACH ITEM OF MERCHANDISE THAT IS THE
16 SUBJECT OF THE RENTAL-PURCHASE AGREEMENT. A COPY OF EACH RENTAL-PUR-
17 CHASE AGREEMENT AND OF THE RECORDS REQUIRED BY THIS SUBDIVISION SHALL BE
18 MAINTAINED FOR AT LEAST TWO YEARS FOLLOWING THE TERMINATION OF THE
19 AGREEMENT.

20 2. THE MAXIMUM CASH PRICE FOR THE MERCHANT'S FIRST RENTAL OF THE
21 MERCHANDISE THAT IS THE SUBJECT OF THE RENTAL-PURCHASE AGREEMENT MAY NOT
22 EXCEED 1.75 TIMES THE MERCHANT'S COST FOR APPLIANCES, 1.75 TIMES THE
23 MERCHANT'S COST FOR ELECTRONIC SETS HAVING MERCHANT COST LESS THAN ONE
24 HUNDRED FIFTY DOLLARS, 2.0 TIMES THE MERCHANT'S COSTS FOR ELECTRONIC
25 SETS HAVING MERCHANT COST GREATER THAN OR EQUAL TO ONE HUNDRED FIFTY
26 DOLLARS, 2.15 TIMES THE MERCHANT'S COST FOR FURNITURE, 2.0 TIMES THE
27 MERCHANT'S COST FOR AUTOMOTIVE ACCESSORIES, JEWELRY, AND MUSICAL INSTRU-
28 MENTS, AND 1.75 TIMES THE MERCHANT'S COST FOR ALL OTHER ITEMS.

29 3. THE MAXIMUM TOTAL OF PAYMENTS MAY NOT EXCEED 2.25 TIMES THE MAXIMUM
30 CASH PRICE THAT COULD HAVE BEEN CHARGED FOR THE FIRST RENTAL OF THE
31 MERCHANDISE UNDER SUBDIVISION TWO OF THIS SECTION.

32 4. THE MAXIMUM TOTAL OF PAYMENTS FOR THE MERCHANT'S SECOND AND SUBSE-
33 QUENT RENTAL OF THE MERCHANDISE THAT IS THE SUBJECT OF THE RENTAL-PUR-
34 CHASE AGREEMENT MAY NOT EXCEED THE MAXIMUM TOTAL OF PAYMENTS PERMITTED
35 UNDER THE TERMING MATRIX CONTAINED IN SUBDIVISION FIVE OF THIS SECTION.

36 5. (A) THE TERMING MATRIX PROVIDED FOR IN PARAGRAPH (B) OF THIS SUBDI-
37 VISION SHALL BE USED TO LOWER THE NUMBER OF PERIODIC PAYMENTS, WHICH
38 SHALL RESULT IN A LOWER TOTAL OF PAYMENTS AND A LOWER MAXIMUM CASH PRICE
39 FOR THE USED MERCHANDISE BASED ON ITS AGE AND CONDITION, OR, IN THE
40 EVENT THAT THE MERCHANT CHOOSES TO MAINTAIN THE NUMBER OF PERIODIC
41 PAYMENTS OF THE ORIGINAL TERM WHEN NEW, THE MERCHANT SHALL LOWER THE
42 TOTAL OF PAYMENTS AND MAXIMUM CASH PRICE ON A PRO-RATA BASIS. THE
43 MERCHANT SHALL KEEP IN ELECTRONIC OR HARD COPY FORM, THE MATRIX USED,
44 TOGETHER WITH A RECORD OF THE NUMBER OF PERIODIC PAYMENTS PROVIDED IN
45 THE FIRST AGREEMENT FOR THE ITEM WHEN IT WAS OFFERED AS NEW, AS WELL AS
46 A RECORD OF THE ITEM'S CONDITION AS DETERMINED BY THE MERCHANT PURSUANT
47 TO SUCH MATRIX EACH TIME IT IS PRICED AS USED. THIS REQUIREMENT SHALL
48 BE SATISFIED BY A RECORD OF THE NUMBER OF PERIODIC PAYMENTS AND CASH
49 PRICE FROM EACH RENTAL-PURCHASE AGREEMENT UNDER WHICH MERCHANDISE WAS
50 RENTED. THESE RECORDS SHALL BE MAINTAINED AS LONG AS THE ITEM IS OWNED
51 BY THE MERCHANT. NO MERCHANT SHALL PRICE USED GOODS IN EXCESS OF THE
52 PRICES DICTATED BY THE MATRIX.

53 (B) THE ATTORNEY GENERAL SHALL MAKE AVAILABLE IN PRINTED FORM TO
54 MERCHANTS AND PUBLISH ON THE WEBSITE OF THE DEPARTMENT OF LAW A TERMING
55 MATRIX IN CHART FORM TO BE USED BY MERCHANTS AS REQUIRED PURSUANT TO
56 PARAGRAPH (A) OF THIS SUBDIVISION. THE CHART SHALL HAVE AS ITS TITLE

1 "TERMING MATRIX FOR USED MERCHANDISE". THE MATRIX CHART SHALL CONFORM
 2 TO THE EXAMPLE SET FORTH IN THIS PARAGRAPH AND SHALL CONSIST OF FIVE
 3 ROWS AND FIVE COLUMNS AND SHALL BE PRINTED IN AT LEAST TEN POINT TYPE.

4 TERMING MATRIX FOR USED MERCHANDISE

5	ORIGINAL TERM				91 WEEKS
6	IN WEEKS	34 WEEKS	35 - 38 WEEKS	39 - 90 WEEKS	OR MORE
7	WHEN NEW	OR LESS			
8	EXCELLENT	SUBTRACT A	SUBTRACT A	SUBTRACT A	SUBTRACT A
9	CONDITION	MINIMUM OF 1	MINIMUM OF 2	MINIMUM OF 3	MINIMUM OF
10		WEEK FROM	WEEKS FROM	WEEKS FROM	4 WEEKS
11		ORIGINAL	ORIGINAL	ORIGINAL	FROM ORI-
12		TERM	TERM	TERM	GINAL TERM
13	GOOD	SUBTRACT A	SUBTRACT A	SUBTRACT A	SUBTRACT A
14	CONDITION	MINIMUM OF 3	MINIMUM OF 5	MINIMUM OF 7	MINIMUM OF
15		WEEKS FROM	WEEKS FROM	WEEKS FROM	9 WEEKS
16		ORIGINAL	ORIGINAL	ORIGINAL	FROM ORI-
17		TERM	TERM	TERM	GINAL TERM
18	FAIR	SUBTRACT A	SUBTRACT A	SUBTRACT A	SUBTRACT A
19	CONDITION	MINIMUM OF 4	MINIMUM OF 7	MINIMUM OF 10	MINIMUM OF
20		WEEKS FROM	WEEKS FROM	WEEKS FROM	13 WEEKS
21		ORIGINAL	ORIGINAL	ORIGINAL	FROM ORI-
22		TERM	TERM	TERM	GINAL TERM
23	POOR	SUBTRACT A	SUBTRACT A	SUBTRACT A	SUBTRACT A
24	CONDITION	MINIMUM OF 6	MINIMUM OF 10	MINIMUM OF 15	MINIMUM OF
25		WEEKS FROM	WEEKS FROM	WEEKS FROM	20 WEEKS
26		ORIGINAL	ORIGINAL	ORIGINAL	FROM ORI-
27		TERM OR CASH	TERM OR CASH	TERM OR CASH	GINAL TERM
28		SALE	SALE	SALE	OR CASH
29					SALE

30 (C) IMMEDIATELY BELOW THE TERMING MATRIX, THE FOLLOWING LANGUAGE SHALL
 31 BE PRINTED IN TEN POINT TYPE.

32 NEW = FULL TERM

33 EXCELLENT = IN GREAT SHAPE. REFURBISHED TO LOOK LIKE NEW.

34 GOOD = IN GOOD WORKING ORDER. REFURBISHED, BUT IMPERFECTIONS STILL
 35 EXIST.

36 FAIR = COMPLETELY OPERATIONAL, BUT REFURBISHMENT HAS NOT CONCEALED OBVI-
 37 OUS WEAR AND TEAR.

38 POOR = RIPPED, FADED, CRACKED OR BROKEN AND REFURBISHMENT DID NOT CHANGE
 39 IT.

40 6. THE MAXIMUM CASH PRICE FOR MERCHANDISE ON ITS SECOND OR SUBSEQUENT
 41 RENTAL MAY NOT EXCEED THE MAXIMUM TOTAL OF PAYMENTS FOR THAT MERCHANDISE
 42 AS PERMITTED UNDER SUBDIVISION FIVE OF THIS SECTION DIVIDED BY 2.25.

43 7. UPON THE WRITTEN REQUEST OF THE ATTORNEY GENERAL A MERCHANT SHALL
 44 PROVIDE COPIES OF THE RECORDS DESCRIBED IN THIS SECTION.

45 8. IF A MERCHANT INTENTIONALLY DISCLOSES A CASH PRICE OR A TOTAL OF
 46 PAYMENTS THAT EXCEEDS THE AMOUNT PERMITTED BY THIS SECTION, THE RENTAL-
 47 PURCHASE AGREEMENT IS VOID, THE CONSUMER SHALL RETAIN THE MERCHANDISE

1 WITHOUT ANY OBLIGATION, AND THE MERCHANT SHALL REFUND TO THE CONSUMER
2 ALL AMOUNTS PAID.

3 S 6. Section 504 of the personal property law is REPEALED and a new
4 section 504 is added to read as follows:

5 S 504. EARLY PURCHASE OPTION. 1. THE CONSUMER HAS THE RIGHT TO
6 ACQUIRE OWNERSHIP OF THE MERCHANDISE AT ANY TIME BY TENDERING TO THE
7 MERCHANT ALL PAST DUE PAYMENTS AND FEES AND AN AMOUNT EQUAL TO THE CASH
8 PRICE STATED IN THE RENTAL-PURCHASE AGREEMENT MULTIPLIED BY A FRACTION
9 THAT HAS AS ITS NUMERATOR THE NUMBER OF PERIODIC PAYMENTS REMAINING
10 UNDER THE AGREEMENT AND THAT HAS AS ITS DENOMINATOR THE TOTAL NUMBER OF
11 PERIODIC PAYMENTS. A CONSUMER MUST AFFIRMATIVELY ELECT TO EXERCISE AN
12 EARLY PURCHASE OPTION. IN NO EVENT SHALL THE CONSUMER'S EARLY PURCHASE
13 OPTION BE LESS THAN THE AMOUNT OF ONE PERIODIC PAYMENT.

14 2. IN A CLEAR AND CONSPICUOUS MANNER ON THE CONSUMER'S RECEIPT FOR
15 EVERY PERIODIC PAYMENT, THE MERCHANT SHALL, IN CONNECTION WITH A CONSUM-
16 ER'S RIGHTS UNDER THIS SECTION, PROVIDE THE CONSUMER WITH A WRITTEN
17 STATEMENT OF:

18 (A) THE TOTAL AMOUNT THE CONSUMER WOULD HAVE TO PAY TO ACQUIRE OWNER-
19 SHIP OF THE RENTAL MERCHANDISE IF THE CONSUMER MAKES ALL REGULARLY SCHE-
20 DULED PAYMENTS REMAINING UNDER THE RENTAL-PURCHASE AGREEMENT; AND

21 (B) THE TOTAL AMOUNT THE CONSUMER WOULD HAVE TO PAY TO ACQUIRE OWNER-
22 SHIP OF THAT MERCHANDISE PURSUANT TO SUBDIVISION ONE OF THIS SECTION.

23 S 7. The personal property law is amended by adding a new section
24 504-a to read as follows:

25 S 504-A. INTERRUPTION OR REDUCTION OF INCOME IN CERTAIN INSTANCES. 1.
26 IF ANY CONSUMER WHO HAS SIGNED A RENTAL-PURCHASE AGREEMENT EXPERIENCES
27 AN INTERRUPTION OR REDUCTION OF TWENTY-FIVE PERCENT OR MORE OF INCOME
28 DUE TO INVOLUNTARY JOB LOSS, INVOLUNTARY REDUCED EMPLOYMENT, ILLNESS,
29 PREGNANCY OR DISABILITY AFTER ONE-HALF OR MORE OF THE TOTAL AMOUNT OF
30 THE RENTAL PAYMENTS NECESSARY TO ACQUIRE OWNERSHIP UNDER THE AGREEMENT
31 HAS BEEN PAID, AND SUCH CONSUMER PROVIDES TO THE MERCHANT SOME EVIDENCE
32 OF THE AMOUNT AND CAUSE OF THE INTERRUPTION OR REDUCTION OF INCOME, THE
33 MERCHANT SHALL REDUCE THE AMOUNT OF EACH RENTAL PAYMENT BY (A) THE
34 PERCENTAGE OF THE REDUCTION IN THE CONSUMER'S INCOME OR (B) FIFTY
35 PERCENT, WHICHEVER IS LESS, FOR THE PERIOD DURING WHICH THE CONSUMER'S
36 INCOME IS INTERRUPTED OR REDUCED.

37 2. IF PAYMENTS ARE REDUCED, THE TOTAL DOLLAR AMOUNT OF PAYMENTS NECES-
38 SARY TO ACQUIRE OWNERSHIP SHALL NOT BE INCREASED, PROVIDED, HOWEVER,
39 THAT THE NUMBER OF PAYMENTS NECESSARY TO ACQUIRE OWNERSHIP MAY BE
40 INCREASED ACCORDINGLY AND THE RIGHTS AND DUTIES OF THE MERCHANT AND THE
41 CONSUMER SHALL NOT OTHERWISE BE AFFECTED.

42 3. WHEN THE CONSUMER'S INCOME IS RESTORED, THE MERCHANT MAY INCREASE
43 THE AMOUNT OF RENTAL PAYMENTS, BUT IN NO EVENT SHALL RENTAL PAYMENTS
44 EXCEED THE ORIGINALLY DISCLOSED AMOUNT OF RENTAL PAYMENTS.

45 S 8. The personal property law is amended by adding a new section
46 504-b to read as follows:

47 S 504-B. MAINTENANCE OF MERCHANDISE. 1. THE MERCHANT SHALL MAINTAIN
48 THE PROPERTY SUBJECT TO THE RENTAL-PURCHASE AGREEMENT IN GOOD WORKING
49 ORDER WHILE THE AGREEMENT IS IN EFFECT WITHOUT CHARGING ANY FEE TO THE
50 CONSUMER IN ADDITION TO THE REGULARLY SCHEDULED RENTAL PAYMENTS SET
51 FORTH IN THE RENTAL-PURCHASE AGREEMENT.

52 2. BY THE END OF THE SECOND BUSINESS DAY FOLLOWING THE DAY ON WHICH
53 THE MERCHANT RECEIVED NOTICE FROM THE CONSUMER THAT THE PROPERTY IS NOT
54 OPERATING PROPERLY, THE MERCHANT SHALL REPAIR OR REPLACE THE PROPERTY
55 WITHOUT ANY FEE TO THE CONSUMER IN ADDITION TO THE REGULARLY SCHEDULED
56 RENTAL PAYMENTS SET FORTH IN THE RENTAL-PURCHASE AGREEMENT.

1 3. IF A REPAIR OR REPLACEMENT CANNOT BE IMMEDIATELY EFFECTED, THE
2 MERCHANT SHALL TEMPORARILY SUBSTITUTE PROPERTY OF COMPARABLE QUALITY AND
3 CONDITION WHILE REPAIRS ARE BEING EFFECTED. IF REPAIRS CANNOT BE
4 COMPLETED TO THE REASONABLE SATISFACTION OF THE CONSUMER WITHIN THIRTY
5 DAYS AFTER THE MERCHANT RECEIVES NOTICE FROM THE CONSUMER OR WITHIN A
6 LONGER PERIOD VOLUNTARILY AGREED TO BY THE CONSUMER, THE MERCHANT SHALL
7 PERMANENTLY REPLACE THE PROPERTY.

8 4. ALL REPLACEMENT PROPERTY SHALL BE THE SAME BRAND, IF AVAILABLE, AND
9 COMPARABLE IN QUALITY, AGE, CONDITION, AND WARRANTY COVERAGE TO THE
10 REPLACED PROPERTY. IF THE SAME BRAND IS NOT AVAILABLE, THE BRAND OF THE
11 REPLACEMENT PROPERTY SHALL BE AGREEABLE TO THE CONSUMER, PROVIDED,
12 HOWEVER THAT ANY REQUEST BY THE CONSUMER SHALL NOT BE UNREASONABLE.

13 5. ALL OF THE CONSUMER'S AND MERCHANT'S RIGHTS AND OBLIGATIONS UNDER
14 THE RENTAL-PURCHASE AGREEMENT AND THIS TITLE THAT APPLIED TO THE PROPER-
15 TY ORIGINALLY SUBJECT TO THE RENTAL-PURCHASE AGREEMENT SHALL APPLY TO
16 ANY REPLACEMENT PROPERTY.

17 6. THE CONSUMER SHALL NOT BE CHARGED, OR HELD LIABLE FOR, ANY PRO RATA
18 PORTION OF A PERIODIC PAYMENT FOR ANY PERIOD OF TIME GREATER THAN ONE
19 FULL DAY AND EACH FULL DAY THEREAFTER DURING WHICH THE PROPERTY THAT IS
20 THE SUBJECT OF THE RENTAL-PURCHASE AGREEMENT OR ANY PROPERTY SUBSTITUTED
21 FOR IT PURSUANT TO THIS SECTION IS NOT IN GOOD WORKING ORDER.

22 7. THIS SECTION SHALL NOT APPLY TO REPAIRS OR DAMAGE FOR WHICH THE
23 CONSUMER IS LIABLE UNDER THE RENTAL-PURCHASE AGREEMENT AS PERMITTED BY
24 THIS ARTICLE.

25 8. A MERCHANT SHALL NOT DELIVER TO A CONSUMER ANY PROPERTY WHICH THE
26 MERCHANT KNOWS OR HAS REASON TO KNOW IS DEFECTIVE.

27 S 9. Subdivision 1 of section 505 of the personal property law, as
28 added by chapter 792 of the laws of 1986, is amended to read as follows:

29 1. An advertisement for a rental-purchase agreement that refers to or
30 states the amount of a payment or the right to acquire ownership of any
31 one particular item under the agreement shall clearly and conspicuously
32 state:

33 (a) that the transaction advertised is a rental-purchase agreement;

34 (b) the total number of payments and the total amount to be paid to
35 acquire ownership, which amount shall be explicitly labeled "total
36 cost"; [and]

37 (c) the circumstances under which the consumer can acquire ownership
38 rights; AND

39 (D) WHETHER THE ADVERTISED TERMS ARE FOR NEW OR USED MERCHANDISE.

40 S 10. The personal property law is amended by adding a new section 508
41 to read as follows:

42 S 508. ADMINISTRATION BY THE ATTORNEY GENERAL. THE ATTORNEY GENERAL
43 MAY MAKE RULES AND REGULATIONS NECESSARY FOR THE ADMINISTRATION OF THIS
44 ARTICLE; PROVIDED, HOWEVER, THAT SUCH RULES AND REGULATIONS SHALL NOT
45 ATTEMPT TO REGULATE OR CHARACTERIZE RENTAL-PURCHASE AGREEMENTS AS A
46 SECURITY INTEREST, CREDIT SALE, RETAIL INSTALLMENT SALE, CONDITIONAL
47 SALE OR ANY OTHER FORM OF CONSUMER CREDIT THAT IMPUTES TO A RENTAL-PUR-
48 CHASE AGREEMENT THE CREATION OF A DEBT OR EXTENSION OF CREDIT, NOR SHALL
49 SUCH RULES AND REGULATIONS REQUIRE THE DISCLOSURE OF A PERCENTAGE RATE
50 CALCULATION, INCLUDING A TIME-PRICE DIFFERENTIAL, AN ANNUAL PERCENTAGE
51 RATE, OR AN EFFECTIVE ANNUAL PERCENTAGE RATE.

52 S 11. This act shall take effect on the one hundred eightieth day
53 after it shall have become a law and shall apply to all agreements
54 entered into or offered on or after such date.