

The Consumer Rental Purchase Agreement Act

To amend the Consumer Credit Protection Act to assure meaningful disclosures of the terms of rental-purchase agreements, including disclosures of all costs to consumers under such agreements, to provide certain substantive rights to consumers under such agreements, and for other purposes.

A BILL

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SECTION 1. SHORT TITLE.

This Act may be cited as the `Consumer Rental-Purchase Agreement Act.

SEC. 2. FINDINGS AND DECLARATION OF PURPOSES.

(a) Findings- Congress finds that--

(1) the rental-purchase industry provides a service that meets and satisfies the demands of many consumers;

(2) each year, approximately 2,300,000 United States households enter into rental-purchase transactions, and over a 5-year period, approximately 4,900,000 United States households will do so;

(3) competition among the various firms engaged in the extension of rental-purchase transactions would be strengthened by informed use of rental-purchase transactions; and

(4) the informed use of rental-purchase transactions results from an awareness of the cost thereof by consumers.

(b) Purposes- The purposes of this Act are to assure the availability of rental-purchase transactions; and to assure simple, meaningful, and consistent disclosure of rental-purchase terms so that consumers will be able to more readily compare the available rental-purchase terms and avoid uninformed use of rental-purchase transactions, and to protect consumers against unfair rental-purchase practices.

SEC. 3. CONSUMER CREDIT PROTECTION ACT.

The Consumer Credit Protection Act (15 U.S.C. 1601 et seq.) is amended by adding at the end the following new title:

TITLE X--RENTAL-PURCHASE TRANSACTIONS

Sec. 1001. Short title; definitions.

Sec. 1002. Exempted transactions.

Sec. 1003. General disclosure requirements.

Sec. 1004. Rental-purchase disclosures.

Sec. 1005. Other agreement provisions.

Sec. 1006. Right to acquire ownership.

Sec. 1007. Prohibited provisions.

Sec. 1008. Statement of accounts.

Sec. 1009. Renegotiations and extensions.

Sec. 1010. Point-of-rental disclosures.

Sec. 1011. Rental-purchase advertising.

Sec. 1012. Civil liability.

Sec. 1013. Additional grounds for civil liability.

Sec. 1014. Liability of assignees.

Sec. 1015. Regulations.

Sec. 1016. Enforcement.

Sec. 1017. Criminal liability for willful and knowing violation.

Sec. 1018. Relation to other laws.

Sec. 1019. Effect on Government agencies.

Sec. 1020. Compliance date.

SEC. 1001. SHORT TITLE; DEFINITIONS.

(a) Short Title- This title may be cited as the 'Rental-Purchase Protections Act'.

(b) Definitions- For purposes of this title, the following definitions shall apply:

(1) ADVERTISEMENT- The term 'advertisement' means a commercial message in any medium that promotes, directly or indirectly, a rental-purchase agreement, but does not include price tags, window signs, or other in-store merchandising aids.

(2) AGRICULTURAL PURPOSE- The term 'agricultural purpose' includes--

(A) the production, harvest, exhibition, marketing, transformation, processing, or manufacture of agricultural products by a natural person who cultivates plants or propagates or nurtures agricultural products; and

(B) the acquisition of farmlands, real property with a farm residence, or personal property and services used primarily in farming.

(3) BOARD- The term 'Board' means the Board of Governors of the Federal Reserve System.

(4) CASH PRICE- The term 'cash price' means the price at which a merchant, in the ordinary course of business, offers to sell for cash the property that is the subject of the rental-purchase transaction.

(5) CONSUMER- The term 'consumer' means a natural person who is offered or enters into a rental-purchase agreement.

(6) DATE OF CONSUMMATION- The term 'date of consummation' means the date on which a consumer becomes contractually obligated under a rental-purchase agreement.

(7) INITIAL PAYMENT- The term 'initial payment' means the amount to be paid before or at the time of consummation of the agreement, or the time of delivery of the property covered by the agreement if delivery occurs after consummation, including--

(A) the rental payment;

(B) service, processing, or administrative charges;

(C) any delivery fee;

(D) refundable security deposit;

(E) taxes;

(F) mandatory fees or charges; and

(G) any optional fees or charges agreed to by the consumer.

(8) MERCHANT- The term `merchant' means a person who provides the use of property through a rental-purchase agreement in the ordinary course of business and to whom the initial payment by the consumer under the agreement is payable.

(9) PAYMENT SCHEDULE- The term `payment schedule' means the amount and timing of the periodic payments and the total number of all periodic payments that the consumer will make if the consumer acquires ownership of the property by making all periodic payments.

(10) PERIODIC PAYMENT- The term `periodic payment' means the total payment that a consumer will make for a specific rental period after the initial payment, including the rental payment, taxes, mandatory fees or charges, and any optional fees or charges agreed to by the consumer.

(11) PROPERTY- The term `property' means property that is not real property under the laws of the State in which the property is located when it is made available under a rental-purchase agreement.

(12) RENTAL PAYMENT- The term `rental payment' means rent required to be paid by a consumer for the possession and use of property for a specific rental period, but does not include taxes or any fees or charges.

(13) RENTAL PERIOD- The term `rental period' means a week, month, or other specific period of time, during which the consumer has a right to possess and use property that is the subject of a rental-purchase agreement after paying the rental payment and any applicable taxes for such period.

(14) RENTAL-PURCHASE AGREEMENT-

(A) IN GENERAL- The term `rental-purchase agreement' means a contract in the form of a bailment or lease for the use of property by a consumer for an initial period of 4 months or less, that is renewable with each payment by the consumer, and that permits but does not obligate the consumer to become the owner of the property.

(B) EXCLUSIONS- The term `rental-purchase agreement' does not include--

(i) a credit sale (as defined in section 103(g) of the Truth in Lending Act);

(ii) a consumer lease (as defined in section 181(1) of the Truth in Lending Act); or

(iii) a transaction giving rise to a debt incurred in connection with the business of lending money or a thing of value.

(15) RENTAL-PURCHASE COST-

(A) IN GENERAL- For purposes of sections 1010 and 1011, the term `rental-purchase cost' means the sum of all rental payments and mandatory fees or charges imposed by the merchant as a condition of entering into a rental-purchase agreement or acquiring ownership of property under a rental-purchase agreement, including--

(i) any service, processing, or administrative charge;

(ii) any fee for an investigation or credit report; and

(iii) any charge for delivery required by the merchant.

(B) EXCLUDED ITEMS- The following fees or charges shall not be taken into account in determining the rental-purchase cost with respect to a rental-purchase transaction:

(i) Fees and charges prescribed by law, which actually are or will be paid to public officials or government entities, such as sales tax.

(ii) Fees and charges for optional products and services offered in connection with a rental-purchase agreement.

(16) STATE- The term `State' means any State of the United States,

the District of Columbia, any territory of the United States, Puerto Rico, Guam, American Samoa, the Trust Territory of the Pacific Islands, the Virgin Islands, and the Northern Mariana Islands.

(17) TOTAL COST- The term `total cost' means the sum of the initial payment and all periodic payments in the payment schedule to be paid by the consumer to acquire ownership of the property that is the subject of the rental-purchase agreement.

SEC. 1002. EXEMPTED TRANSACTIONS.

This title does not apply to rental-purchase agreements primarily for business, commercial, or agricultural purposes, or those made with agencies or instrumentalities of the Federal Government or a State or political subdivision thereof.

SEC. 1003. GENERAL DISCLOSURE REQUIREMENTS.

(a) Recipient of Disclosure- A merchant shall disclose to any person who will be a signatory to a rental-purchase agreement the information required by sections 1004 and 1005.

(b) Timing of Disclosure- The disclosures required under sections 1004 and 1005 shall be made before the consummation of the rental-purchase agreement, and clearly and conspicuously in writing as part of the rental-purchase agreement to be signed by the consumer.

(c) Clearly and Conspicuously- As used in this section, the term `clearly and conspicuously' means that information required to be disclosed to the consumer shall be worded plainly and simply, and appear in a type size, prominence, and location as to be readily noticeable, readable, and comprehensible to an ordinary consumer.

SEC. 1004. RENTAL-PURCHASE DISCLOSURES.

(a) In General- For each rental-purchase agreement, the merchant shall disclose to the consumer, to the extent applicable--

(1) the date of consummation of the rental-purchase transaction and the identities of the merchant and the consumer;

(2) a brief description of the rental property, which shall be sufficient to identify the property to the consumer, including an identification or serial number, if applicable, and a statement indicating whether the property is new or used;

(3) a description of any fee, charge, or penalty, in addition to the periodic payment, that the consumer may be required to pay under the agreement, which shall be separately identified by type and amount;

(4) a clear and conspicuous statement that the transaction is a rental-purchase agreement and that the consumer will not obtain ownership of the property until the consumer has paid the total dollar amount necessary to acquire ownership;

(5) the amount of any initial payment, which includes the first periodic payment, and the total amount of any fees, taxes, or other charges, required to be paid by the consumer;

(6) the amount of the cash price of the property that is the subject of the rental-purchase agreement, and, if the agreement involves the rental of 2 or more items as a set (as may be defined by the Board in regulation) a statement of the aggregate cash price of all items shall satisfy this requirement;

(7) the amount and timing of periodic payments, and the total number of periodic payments necessary to acquire ownership of the property under the rental-purchase agreement;

(8) the total cost, using that term, and a brief description, such as `This is the amount that you will pay the merchant if you make all periodic payments to acquire ownership of the property.';

(9) a statement of the right of the consumer to terminate the agreement without paying any fee or charge not previously due under the agreement by voluntarily surrendering or returning the property in good repair upon expiration of any lease term; and

(10) substantially the following statement: `other important terms: See your rental-purchase agreement for additional important information on early termination procedures, purchase option rights, responsibilities for loss, damage, or destruction of the property, warranties, maintenance responsibilities, and other charges or

penalties you may incur.'.

(b) Form of Disclosure- The disclosures required by paragraphs (4) through (10) of subsection (a) shall--

(1) be segregated from other information at the beginning of the rental-purchase agreement;

(2) contain only directly related information; and

(3) be identified in boldface, upper-case letters as follows: `important rental-purchase disclosures'.

(c) Disclosure Requirements Relating to Insurance Premiums and Liability Waivers-

(1) IN GENERAL- A merchant shall clearly and conspicuously disclose in writing to the consumer before the consummation of a rental-purchase agreement that the purchase of leased property insurance or liability waiver coverage is not required as a condition for entering into the rental-purchase agreement.

(2) AFFIRMATIVE WRITTEN REQUEST AFTER COST DISCLOSURE- A merchant may provide insurance or liability waiver coverage, directly or indirectly, in connection with a rental-purchase transaction only if--
(A) the merchant clearly and conspicuously discloses to the consumer the cost of each component of such coverage before the consummation of the rental-purchase agreement; and

(B) the consumer signs an affirmative written request for such coverage after receiving the disclosures required under paragraph (1) and subparagraph (A) of this paragraph.

(d) Accuracy of Disclosure-

(1) IN GENERAL- The disclosures required to be made under subsection (a) shall be accurate as of the date on which the disclosures are made, based on the information available to the merchant.

(2) INFORMATION SUBSEQUENTLY RENDERED INACCURATE- If information required to be disclosed under subsection (a) is subsequently rendered inaccurate as a result of any agreement between the merchant and the consumer subsequent to the delivery of

the required disclosures, the resulting inaccuracy shall not constitute a violation of this title.

SEC. 1005. OTHER AGREEMENT PROVISIONS.

(a) In General- Each rental-purchase agreement shall--

(1) provide a statement specifying whether the merchant or the consumer is responsible for loss, theft, damage, or destruction of the property;

(2) provide a statement specifying whether the merchant or the consumer is responsible for maintaining or servicing the property, together with a brief description of the responsibility;

(3) provide that the consumer may terminate the agreement without paying any charges not previously due under the agreement by voluntarily surrendering or returning the property that is the subject of the agreement upon expiration of any rental period;

(4) contain a provision for reinstatement of the agreement, which at a minimum--

(A) permits a consumer who fails to make a timely rental payment to reinstate the agreement, without losing any rights or options which exist under the agreement, by the payment of all past due rental payments and any other charges then due under the agreement and a payment for the next rental period within 7 business days after failing to make a timely rental payment if the consumer pays monthly, or within 3 business days after failing to make a timely rental payment if the consumer pays more frequently than monthly;

(B) if the consumer returns or voluntarily surrenders the property covered by the agreement, other than through judicial process, during the applicable reinstatement period set forth in subparagraph (A), permits the consumer to reinstate the agreement during a period of at least 60 days after the date of the return or surrender of the property by the payment of all amounts previously due under the agreement, any applicable fees, and a payment for the next rental period;

(C) if the consumer has paid 50 percent or more of the total cost necessary to acquire ownership and returns or voluntarily surrenders the property, other than through judicial process, during the applicable

reinstatement period set forth in subparagraph (A), permits the consumer to reinstate the agreement during a period of at least 120 days after the date of the return of the property by the payment of all amounts previously due under the agreement, any applicable fees, and a payment for the next rental period; and

(D) permits the consumer, upon reinstatement of the agreement, to receive the same property, if available, that was the subject of the rental-purchase agreement, or if the same property is not available, a substitute item of comparable quality and condition, except that the Board may, by regulation or order, exempt any independent small business (as defined by regulation of the Board) from the requirement of providing the same or comparable product during the extended reinstatement period provided in subparagraph (C), if the Board determines, taking into account such standards as the Board determines appropriate, that the reinstatement right provided in subparagraph (C) would provide excessive hardship for the independent small business;

(5) provide a statement specifying the terms under which the consumer shall acquire ownership of the property that is the subject of the rental-purchase agreement either by payment of the total cost to acquire ownership, as provided in section 1006, or by exercise of any early purchase option provided in the rental-purchase agreement;

(6) provide a statement disclosing that if any part of a manufacturer's express warranty covers the property at the time the consumer acquires ownership of the property, the warranty will be transferred to the consumer if allowed by the terms of the warranty; and

(7) provide, to the extent applicable, a description of any grace period for making any periodic payment, the amount of any security deposit, if any, to be paid by the consumer upon initiation of the rental-purchase agreement, and the terms for refund of such security deposit to the consumer upon return, surrender or purchase of the property.

(b) Repossession During Reinstatement Period- Subsection (a)(4) shall not be construed so as to prevent a merchant from attempting to repossess property during the reinstatement period pursuant to subsection (a)(4)(A), but such a repossession does not affect the right of the consumer to reinstatement under subsection (a)(4).

SEC. 1006. RIGHT TO ACQUIRE OWNERSHIP.

(a) In General- The consumer shall acquire ownership of the property that is the subject of the rental-purchase agreement, and the rental-purchase agreement shall terminate, upon compliance by the consumer with the requirements of subsection (b) or any early payment option provided in the rental purchase agreement, and upon payment of any past due payments and fees, as permitted by regulation of the Board.

(b) Payment of Total Cost- The consumer shall acquire ownership of the rental property upon payment of the total cost of the rental-purchase agreement, as defined in section 1001(17), and as disclosed to the consumer in the rental-purchase agreement pursuant to section 1004(a).

(c) Additional Fees Prohibited- A merchant shall not require the consumer to pay, as a condition for acquiring ownership of the property that is the subject of the rental-purchase agreement, any fee or charge in addition to, or in excess of, the regular periodic payments required by subsection (b), or any early purchase option amount provided in the rental-purchase agreement, as applicable. A requirement that the consumer pay an unpaid late charge or other fee or charge which the merchant has previously billed to the consumer shall not constitute an additional fee or charge for purposes of this subsection.

(d) Transfer of Ownership Rights- Upon payment by the consumer of all payments necessary to acquire ownership under subsection (b) or any early purchase option amount provided in the rental-purchase agreement, as applicable, the merchant shall--

(1) deliver, or mail to the last known address of the consumer, such documents or other instruments which the Board has determined, by regulation, are necessary to acknowledge full ownership by the consumer of the property acquired pursuant to the rental-purchase agreement; and

(2) transfer to the consumer the unexpired portion of any warranties provided by the manufacturer, distributor, or seller of the property, which shall apply as if the consumer were the original purchaser of the property, except where such transfer is prohibited by the terms of the warranty.

SEC. 1007. PROHIBITED PROVISIONS.

A rental-purchase agreement may not contain--

(1) a confession of judgment;

(2) a negotiable instrument;

(3) a security interest or any other claim of a property interest in any goods, except those goods, the use of which is provided by the merchant pursuant to the agreement;

(4) a wage assignment;

(5) a provision requiring the waiver of any legal claim or remedy created by this title or other provision of Federal or State law;

(6) a provision requiring the consumer, in the event that the property subject to the rental-purchase agreement is lost, stolen, damaged, or destroyed, to pay an amount in excess of the least of--

(A) the fair market value of the property, as determined by regulation of the Board;

(B) any early purchase option amount provided in the rental-purchase agreement; or

(C) the actual cost of repair, as appropriate;

(7) a provision authorizing the merchant, or a person acting on behalf of the merchant, to enter the dwelling of the consumer or other premises without obtaining the consent of the consumer, or to commit any breach of the peace in connection with the repossession of the rental property or the collection of any obligation or alleged obligation of the consumer arising out of the rental-purchase agreement;

(8) a provision requiring the purchase of insurance or liability damage waiver to cover the property that is the subject of the rental-purchase agreement, except as permitted by regulation of the Board; or

(9) a provision requiring the consumer to pay more than 1 late fee or charge for an unpaid or delinquent periodic payment, regardless of the period in which the payment remains unpaid or delinquent, or to pay a

late fee or charge for any periodic payment because a previously assessed late fee has not been paid in full.

SEC. 1008. STATEMENT OF ACCOUNTS.

Upon request of a consumer, a merchant shall provide a statement of the account of the consumer. If a consumer requests a statement for an individual account more than 4 times in any 12-month period, the merchant may charge a reasonable fee for the additional statements requested in excess of 4 times during that 12-month period.

SEC. 1009. RENEGOTIATIONS AND EXTENSIONS.

(a) Renegotiations- For purposes of this section, a `renegotiation' occurs when a rental-purchase agreement is satisfied and replaced by a new agreement undertaken by the same consumer. A renegotiation requires new disclosures under this title, except as provided in subsection (c).

(b) Extensions- For purposes of this section, an `extension' is an agreement by the consumer and the merchant to continue an existing rental-purchase agreement beyond the original end of the payment schedule, but does not include a continuation that is the result of a renegotiation.

(c) Exceptions- New disclosures under this title are not required for the following, even if they meet the definition of a renegotiation or an extension under this section:

- (1) A reduction in payments.
- (2) A deferment of 1 or more payments.
- (3) The extension of a rental-purchase agreement.
- (4) The substitution of property with property that has a substantially equivalent or greater economic value, provided that the rental-purchase cost does not increase.
- (5) The deletion of property in a multiple-item agreement.

(6) A change in the rental period, provided that the rental-purchase cost does not increase.

(7) An agreement resulting from a court proceeding.

(8) Any other event described in regulations prescribed by the Board.

SEC. 1010. POINT-OF-RENTAL DISCLOSURES.

(a) In General- For any item of property or set of items displayed or offered for rental-purchase, the merchant shall display on or next to the item or set of items a card, tag, or label that clearly and conspicuously discloses--

(1) a brief description of the property;

(2) whether the property is new or used;

(3) the cash price of the property;

(4) the amount of each rental payment;

(5) the total number of rental payments necessary to acquire ownership of the property; and

(6) the rental-purchase cost.

(b) Form of Disclosure-

(1) IN GENERAL- A merchant may make the disclosures required by subsection (a) in the form of a list or catalog which is readily available to the consumer at the point of rental if the merchandise is not displayed in the showroom of the merchant, or if displaying a card, tag, or label would be impractical due to the size of the merchandise.

(2) CLEARLY AND CONSPICUOUSLY- As used in this section, the term 'clearly and conspicuously' means that information required to be disclosed to the consumer shall appear in a type size, prominence, and location as to be noticeable, readable, and comprehensible to an ordinary consumer.

SEC. 1011. RENTAL-PURCHASE ADVERTISING.

(a) In General- If an advertisement for a rental-purchase transaction refers to or states the amount of any payment for any specific item or set of items, the merchant making the advertisement shall also clearly and conspicuously state in the advertisement for the item or set of items advertised--

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

(2) the amount, timing, and total number of rental payments necessary to acquire ownership under the rental-purchase agreement;

(3) the amount of the rental-purchase cost;

(4) that to acquire ownership of the property, the consumer must pay the rental-purchase cost plus applicable taxes; and

(5) whether the stated payment amount and advertised rental-purchase cost is for new or used property.

(b) Prohibition- An advertisement for a rental-purchase agreement shall not state or imply that a specific item or set of items is available at specific amounts or terms, unless the merchant usually and customarily offers, or will offer, the item or set of items at the stated amounts or terms.

(c) Clearly and Conspicuously-

(1) IN GENERAL- For purposes of this section, the term 'clearly and conspicuously' means that required disclosures shall be presented in a type, size, shade, contrast, prominence, location, and manner, as applicable to different media for advertising, so as to be readily noticeable and comprehensible to the ordinary consumer.

(2) REGULATORY GUIDANCE- The Board shall prescribe regulations on principles and factors to meet the clear and conspicuous standard, as appropriate to print, video, audio, and computerized advertising, reflecting the principles and factors typically applied in each medium by the Federal Trade Commission.

(3) LIMITATION- Nothing contrary to, inconsistent with, or in mitigation of, the disclosures required by this section shall be used in any advertisement in any medium, and no audio, video, or print technique shall be used that is likely to obscure or detract significantly

from the communication of the required disclosures.

SEC. 1012. CIVIL LIABILITY.

(a) In General- Except as otherwise provided in section 1013, any merchant who fails to comply with any requirement of this title with respect to any consumer is liable to such consumer as provided for leases in section 130. For purposes of this section, the term `creditor' as used in section 130 shall include a `merchant', as defined in section 1001.

(b) Jurisdiction of Courts; Limitation on Actions-

(1) IN GENERAL- Notwithstanding section 130(e), any action under this section may be brought in any United States district court, or in any other court of competent jurisdiction, before the end of the 1-year period beginning on the date on which the last payment was made by the consumer under the rental-purchase agreement.

(2) RECOUPMENT OR SET-OFF- This subsection shall not bar a consumer from asserting a violation of this title in an action to collect an obligation arising from a rental-purchase agreement, which was brought after the end of the 1-year period described in paragraph (1) as a matter of defense by recoupment or set-off in such action, except as otherwise provided by State law.

SEC. 1013. ADDITIONAL GROUNDS FOR CIVIL LIABILITY.

(a) Individual Cases With Actual Damages- Any merchant who fails to comply with any requirement imposed under section 1010 or 1011 with respect to any consumer who suffers actual damage from the violation shall be liable to such consumer as provided in section 130.

(b) Pattern or Practice of Violations- If a merchant engages in a pattern or practice of violating any requirement imposed under section 1010 or 1011, the Federal Trade Commission or an appropriate State attorney general, in accordance with section 1016, may initiate an action to enforce sanctions against the merchant, including--

(1) an order to cease and desist from such practices; and

(2) a civil money penalty of such amount as the court may impose, based on such factors as the court may determine to be appropriate.

SEC. 1014. LIABILITY OF ASSIGNEES.

(a) Assignees Included- For purposes of section 1013 and this section, the term `merchant' includes an assignee of a merchant.

(b) Liabilities of Assignees-

(1) APPARENT VIOLATION- An action under section 1012 or 1013 for a violation of this title may be brought against an assignee only if the violation is apparent on the face of the rental-purchase agreement to which it relates.

(2) APPARENT VIOLATION DEFINED- For purposes of this subsection, a violation that is apparent on the face of a rental-purchase agreement includes, but is not limited to, a disclosure that can be determined to be incomplete or inaccurate from the face of the agreement.

(3) INVOLUNTARY ASSIGNMENT- An assignee has no liability under this section in a case in which the assignment is involuntary.

(4) RULE OF CONSTRUCTION- No provision of this section shall be construed as limiting or altering the liability under section 1012 or 1013 of a merchant assigning a rental-purchase agreement.

(c) Proof of Disclosure- In an action by or against an assignee, the consumer's written acknowledgment of receipt of a disclosure, made as part of the rental-purchase agreement, shall be conclusive proof that the disclosure was made, if the assignee had no knowledge that the disclosure had not been made when the assignee acquired the rental-purchase agreement to which it relates.

SEC. 1015. REGULATIONS.

(a) In General- The Board shall prescribe regulations, as necessary to carry out this title, to prevent its circumvention, and to facilitate compliance with its requirements.

(b) Model Disclosure Forms-

(1) BOARD AUTHORITY- The Board may publish model disclosure forms and clauses for common rental-purchase agreements to facilitate compliance with the disclosure requirements of this title and to aid the consumer in understanding the transaction by utilizing readily understandable language to simplify the technical nature of the disclosures.

(2) CONTENT- In devising forms described in paragraph (1), the Board shall consider the use by merchants of data processing or similar automated equipment.

(3) USE NOT MANDATORY- Nothing in this title may be construed to require a merchant to use any model form or clause published by the Board under this section.

(4) DETERMINATION OF COMPLIANCE- A merchant shall be deemed to be in compliance with the requirement to provide disclosure under section 1003(a) if the merchant--

(A) uses any appropriate model form or clause published by the Board under this section; or

(B) uses any such model form or clause, and changes it by deleting any information which is not required by this title or rearranging the format, if in making such deletion or rearranging the format, the merchant does not affect the substance, clarity, or meaningful sequence of the disclosure.

(c) Effective Date of Regulations-

(1) IN GENERAL- Any regulation prescribed by the Board, or any amendment or interpretation thereof, shall not be effective before the October 1 that follows the date of publication of the regulation in final form by at least 6 months.

(2) AUTHORITY TO MODIFY- The Board may, at its discretion--

(A) lengthen the period of time described in paragraph (1) to permit merchants to adjust to accommodate new requirements; or

(B) shorten that period of time, if the Board makes a specific finding that such action is necessary to comply with the findings of a court or to prevent unfair or deceptive practices.

(3) VOLUNTARY COMPLIANCE- Notwithstanding paragraph (1) or (2), a merchant may comply with any newly prescribed disclosure requirement prior to its effective date.

SEC. 1016. ENFORCEMENT.

(a) Federal Enforcement- Compliance with this title shall be enforced under the Federal Trade Commission Act (15 U.S.C. 41 et seq.), and a violation of any requirement imposed under this title shall be deemed a violation of a requirement imposed under that Act. All of the functions and powers of the Federal Trade Commission under the Federal Trade Commission Act are available to the Commission to enforce compliance by any person with the requirements of this title, irrespective of whether that person is engaged in commerce or meets any other jurisdictional test under the Federal Trade Commission Act.

(b) State Enforcement-

(1) IN GENERAL- An action to enforce the requirements imposed by this title may also be brought by the appropriate State attorney general in any appropriate United States district court, or any other court of competent jurisdiction.

(2) PRIOR WRITTEN NOTICE-

(A) IN GENERAL- The State attorney general shall provide prior written notice of any civil action described in paragraph (1) to the Federal Trade Commission, and shall provide the Commission with a copy of the complaint.

(B) EMERGENCY ACTION- If prior notice required by this paragraph is not feasible, the State attorney general shall provide notice to the Commission immediately upon instituting the action.

(3) FTC INTERVENTION- The Commission may--

(A) intervene in an action described in paragraph (1);

(B) upon intervening--

(i) remove the action to the appropriate United States district court, if it was not originally brought there; and

(ii) be heard on all matters arising in the action; and

(C) file a petition for appeal.

SEC. 1017. CRIMINAL LIABILITY FOR WILLFUL AND KNOWING VIOLATION.

Whoever willfully and knowingly gives false or inaccurate information, or fails to provide information which that person is required to disclose under the provisions of this title or any regulation issued under this title shall be subject to the penalty provisions as provided in section 112.

SEC. 1018. RELATION TO OTHER LAWS.

(a) Relation to State Law-

(1) NO EFFECT ON CONSISTENT STATE LAWS- Except as otherwise provided in subsection (b), this title does not annul, alter, or affect in any manner the meaning, scope, or applicability of the laws of any State relating to rental-purchase agreements, except to the extent that those laws are inconsistent with any provision of this title, and then only to the extent of the inconsistency.

(2) DETERMINATION OF INCONSISTENCY- Upon its own motion or upon the request of an interested party, which is submitted in accordance with procedures prescribed by regulation of the Board, the Board shall determine whether any such inconsistency exists. If the Board determines that a term or provision of a State law is inconsistent with a provision of this title, merchants located in that State shall not be required to comply with that term or provision, and shall incur no liability under the law of that State for failure to follow such term or provision, notwithstanding that such determination is subsequently amended, rescinded, or determined by judicial or other authority to be invalid for any reason.

(3) GREATER PROTECTION UNDER STATE LAW- Except as provided in subsection (b), for purposes of this section, a term or provision of a State law is not inconsistent with the provisions of this title if the term or provision affords greater protection and benefit to the consumer

than the protection and benefit provided under this title, as determined by the Board, on its own motion or upon the petition of any interested party.

(b) State Laws Relating to Characterization of Transaction- Notwithstanding subsection (a), this title shall supersede any State law, to the extent that such law--

(1) regulates a rental-purchase agreement as a security interest, credit sale, retail installment sale, conditional sale, or any other form of consumer credit, or that imputes to a rental-purchase agreement the creation of a debt or extension of credit; or

(2) requires the disclosure of a percentage rate calculation, including a time-price differential, an annual percentage rate, or an effective annual percentage rate.

(c) Relation to Federal Trade Commission Act- No provision of this title shall be construed as limiting, superseding, or otherwise affecting the applicability of the Federal Trade Commission Act to any merchant or rental-purchase transaction.

SEC. 1019. EFFECT ON GOVERNMENT AGENCIES.

No civil liability or criminal penalty under this title may be imposed on the United States or any of its departments or agencies, any State or political subdivision thereof, or any agency of a State or political subdivision thereof.

SEC. 1020. COMPLIANCE DATE.

Compliance with this title shall not be required until 6 months after the date of enactment of this title. In any case, a merchant may comply with this title at any time after such date of enactment.