

CALIFORNIA

Rental-Purchase Act

California Codes, as amended.

As added by Laws 1988, Ch. 1315, approved September 24, 1988, effective January 1, 1995.

Sec. 1812.620.

This title shall be known and may be cited as the Karnette Rental-Purchase Act.

Sec. 1812.621.

The Legislature hereby finds and declares that consumers enter into rental-purchase contracts that do not adequately disclose the actual terms and cost of the transaction or the consumer's liability for certain breaches of the contract, and that contain unfair provisions, including unfair terms related to fees and charges, the exercise or the termination of purchase option rights, property loss and damage, and the repair or replacement of improperly functioning rental property.

It is, therefore, the intent of the Legislature in enacting this title to ensure that consumers are protected from misrepresentations and unfair dealings by ensuring that consumers are adequately informed of all relevant terms, including the cash price, periodic payments, total purchase price, and other applicable charges or fees, before they enter into rental-purchase contracts.

It is further the intent of the Legislature to (a) prohibit unfair or unconscionable conduct toward consumers in connection with rental-purchase transactions, (b) prohibit unfair contract terms, including unreasonable charges, (c) prevent the forfeiture of contract rights by consumers, (d) provide a right of reinstatement and a reasonable formula for the exercise of purchase option rights under a rental-purchase contract, (e) provide reasonable requirements for the servicing, repair, and replacement of improperly functioning rental property, and (f) cover rental-purchase transactions under existing laws, including laws governing debt collection, cosigners, home solicitation contracts, and warranties. This title shall be liberally construed to achieve its remedial objectives.

Sec. 1812.622.

As used in this title:

- (a) "Advertisement" means a commercial message in any medium that directly or indirectly solicits or promotes one or more specific rental-purchase transactions, excluding in-store merchandising aids. This definition does not limit or alter the application of other laws, including Chapter 5, (commencing

with Section 17200) of Part 2 and Chapter 1 (commencing with Section 17500) of Part 3, of Division 7 of the Business and Professions Code, to rental-purchase transactions.

- (b) "Consumer" means a natural person or persons who rent or lease personal property from a lessor pursuant to a rental-purchase agreement or to whom a lessor offers personal property for use pursuant to a rental-purchase agreement.
- (c) "Lessor" means any person or entity that provides or offers to provide personal property for use by consumers pursuant to a rental-purchase agreement.
- (d) "Rental-purchase agreement," except as otherwise provided in this subdivision, means an agreement between a lessor and a consumer pursuant to which the lessor rents or leases, for valuable consideration, personal property for use by a consumer for personal, family, or household purposes for an initial term not exceeding four months that may be renewed or otherwise extended, if under the terms of the agreement the consumer acquires an option or other legally enforceable right to become owner of the property. A rental-purchase agreement is a lease subject to Title 1.5 (commencing with Section 1750) and Title 1.7 (commencing with Section 1790).

"Rental-purchase agreement" shall not be construed to be, nor be governed by, and shall not apply to, any of the following:

- (1) A retail installment sale, as defined in Section 1802.5.
 - (2) A retail installment contract, as defined in Section 1802.6.
 - (3) A retail installment account, as defined in Section 1802.7.
 - (4) A lease or agreement that constitutes a security interest, as defined in Section 1201 of the Commercial Code.
 - (5) A consumer credit contract, as defined in Section 1799.90.
- (e) "Cash price" means the price at which retail sellers are selling and retail buyers are buying the same or similar property for cash in the same trade area in which the lessor's place of business is located. Cash price may be evidenced as provided in subdivision (b) of Section 1812.644.
 - (f) "Cost of rental" means the difference between the total of all periodic payments necessary to acquire ownership under the rental-purchase agreement and the cash price of the rental property that is subject to the rental-purchase agreement.

- (g) "Fee" means any payment, charge, fee, cost, or expense, however denominated, other than a rental payment.

Sec. 1812.623.

- (a) Every rental-purchase agreement shall be contained in a single document which shall set forth all of the agreements of the lessor and the consumer with respect to the rights and obligations of each party. Every rental-purchase agreement shall be written in at least 10-point type in the same language as principally used in any oral sales presentation or negotiations leading to the execution of the agreement, and shall clearly and conspicuously disclose all of the following:
 - (1) The names of the lessor and the consumer, the lessor's business address and telephone number, the consumer's address, the date on which the agreement is executed, and a description of the property sufficient to identify it.
 - (2) Whether the property subject to the rental-purchase agreement is new or used. If the property is new, the lessor shall disclose the model year or, if the model year is not known by the lessor, the date of the lessor's acquisition of the property. If the property is used, the age or the model year shall be disclosed if known by the lessor.
 - (3) The minimum period for which the consumer is obligated under the rental-purchase agreement; the duration of the rental-purchase agreement if all regularly scheduled periodic payments are made, designated as the "rental period"; and the amount of each periodic payment.
 - (4) The total number and the total amount of periodic payments necessary to acquire ownership of the property if the renter makes all regularly scheduled periodic payments.
 - (5) The cash price of the property subject to the rental-purchase agreement.
 - (6) The cost of rental.
 - (7) The amount and purpose of any other payment or fee permitted by this title in addition to those specified pursuant to paragraphs (3) and (4), including any late payment fee.

- (8) A statement that the total number and dollar amount of payments necessary to acquire ownership of the rental property disclosed under paragraph (4) does not include other fees permitted by this title, such as late payment fees, and that the consumer should read the rental-purchase agreement for an explanation of any applicable additional fees.
- (9) Whether the consumer is liable for loss or damage to the rental property and, if so, the maximum amount for which the consumer may be liable as provided in subdivision (a) of Section 1812.627.
- (10) The following notice:

NOTICE

You are renting this property. You will not own it until you make all of the regularly scheduled payments or you use the early purchase option.

You do not have the right to keep the property if you do not make required payments or do not use the early purchase option. If you miss a payment, the lessor can repossess the property, but, you may have the right to the return of the same or similar property.

See the contract for an explanation of your rights.

- (11) A description of the consumer's right to acquire ownership of the property before the end of the rental period as provided in subdivision (a) of Section 1812.632.
 - (12) A description of the consumer's reinstatement rights as provided in Section 1812.631.
 - (13) If warranty coverage is transferable to a consumer who acquires ownership of the property, a statement that the unexpired portion of all warranties provided by the manufacturer, distributor, or seller of the property that is the subject of the rental-purchase agreement will be transferred by the lessor to the consumer at the time the consumer acquires ownership of the property from the lessor.
 - (14) A description of the lessor's obligation to maintain the rental property and to repair or replace rental property that is not operating properly, as provided in Section 1812.633.
- (b)(1) The disclosures required by paragraphs (3), (4), (9) and (10) of subdivision (a)

shall be printed in at least 10-point boldface type or capital letters if typed and shall be grouped together in a box formed by a heavy line in the following form:

<p>TOTAL OF PAYMENTS</p> <p>\$</p> <p>You must pay this amount to own the property if you make all the regular payments.</p> <p>You can buy the property for less under the early purchase option.</p>	<p>COST OF RENTAL</p> <p>\$</p> <p>Amount over cash price you will pay if you make all regular payments.</p>	<p>CASH PRICE</p> <p>\$</p> <p>Property available at this price for cash from retailers in this area.</p>	
	<p>AMOUNT OF EACH PAYMENT</p> <p>\$ per</p> <hr/> <p>(insert period)</p>	<p>NUMBER OF PAYMENTS</p>	<p>RENTAL PERIOD</p>

(2) The box described in paragraph (1) shall appear immediately above the space reserved for the buyer's signature.

(c) The disclosures required by paragraphs (3), (4), (9), and (10) of subdivision (a) shall be grouped together in a box formed by a heavy line in the form prescribed in subdivision (b) and shall be clearly and conspicuously placed on a tag or sticker affixed to the property available for rental-purchase. If the property available for rental-purchase is not displayed at the lessor's place of business but appears in a photograph or catalog shown to consumers, a tag or sticker shall be affixed to the photograph of the property or catalog shown to consumers or shall be given to consumers. The disclosure required by paragraph (2) of subdivision (a) also shall be clearly and conspicuously placed on the tag or sticker.

- (d) All disclosures required by this section shall be printed or typed in a color or shade that clearly contrasts with the background.

Sec. 1812.624.

- (a) No rental-purchase agreement or any document that the lessor requests the consumer to sign shall contain any provision by which:
 - (1) A power of attorney is given to confess judgment in this state or to appoint the lessor, its agents, or its successors in interest as the consumer's agent in the collection of payments or the repossession of the rental property.
 - (2) The consumer authorizes the lessor or its agent to commit any breach of the peace in repossessing the rental property or to enter the consumer's dwelling or other premises without the consumer's consent at the time of entry.
 - (3) The consumer agrees to purchase from the lessor insurance or a liability waiver against loss or damage to the rental property.
 - (4) The consumer waives or agrees to waive any defense, counterclaim, or right the consumer may have against the lessor, its agents, or its successor in interest.
 - (5) The consumer is required to pay any fee in connection with reinstatement except as provided in Section 1812.631.
 - (6) The consumer is required to pay a fee in connection with the pickup of the property or the termination or rescission of the rental-purchase agreement.
 - (7) The consumer is required to pay any fee permitted by the rental-purchase agreement and this title that is not reasonable and actually incurred by the lessor. The lessor has the burden of proof to establish that a fee was reasonable and was an actual cost incurred by the lessor.
 - (8) The consumer is required to pay a down-payment, more than one advance periodic rental payment, or any other payment except a security deposit permitted under Section 1812.625.
 - (9) Except to the extent permitted by subdivision (b) of Section 1812.627, the consumer waives any rights under Sections 1928 or 1929.
 - (10) The consumer grants a security interest in any property.

- (11) The consumer's liability for loss or damage to the property which is the subject of the rental-purchase agreement may exceed the maximum described in subdivision (a) of Section 1812.627.
 - (12) Except under the circumstances authorized by subdivision (a) of Section 1812.632, the consumer is obligated to make any balloon payment. A "balloon payment" is any payment for the purchase or use of the rental property which is more than the regularly scheduled periodic payment amount.
 - (13) The consumer is required to pay a late payment fee that is not permitted under Section 1812.626.
 - (14) The consumer is required to pay both a late payment fee and a fee for the lessor's collection of a past due payment at the consumer's home or other location.
 - (15) The consumer waives or offers to waive any right or remedy against the lessor, its agents, or its successors in interest for any violation of this title or any other illegal act. This subdivision does not apply to a document executed in connection with the bona fide settlement, compromise, or release of a specific disputed claim.
 - (16) The lessor, its agents, or its successors in interest may commence any judicial action against the consumer in a county or judicial district other than the county or judicial district in which (1) the rental-purchase agreement was signed or (2) the consumer resides at the time the action is commenced.
 - (17) The amount stated as the cash price for any item of used personal property exceeds the cash price for the same or similar item of new personal property.
- (b) Any provision in a rental-purchase agreement that is prohibited by this title shall be void and unenforceable and a violation of this title. A rental-purchase agreement which contains any provision that is prohibited by this title is voidable by the consumer.

Sec. 1812.625.

- (a) The lessor may require the consumer to pay a security deposit, however denominated, in an amount not to exceed the equivalent of one month's rental

only for the purpose of satisfying any lawful claim by the lessor, up to the maximum described in subdivision (a) of Section 1812.627, for those amounts reasonably necessary to pay for the loss of the property or the repair of damage, exclusively of reasonable wear and tear.

- (b) Within two weeks after the lessor has taken possession of the property from the consumer, the lessor shall deliver to the consumer the amount of the security deposit less the amount, if any, deducted for loss or repair as permitted by this title. If any amount is deducted, the lessor shall also deliver to the consumer at that time a copy of an itemized statement indicating the amount of the security deposit, the amount deducted for loss or repair, and a detailed statement of the basis for the deduction. Delivery may be made by personal delivery or by first-class mail, postage prepaid.

Sec. 1812.626.

- (a) The lessor may assess a late payment fee if the late payment fee is specified in the rental-purchase agreement and is permitted by this section.
- (b) No fee shall be assessed for a payment which is less than three days late if the rental-purchase agreement specifies weekly periodic payments.
- (c) No fee shall be assessed for a payment which is less than 7 days late if the rental-purchase agreement specifies longer than weekly periodic payments.
- (d) The lessor may assess more than one late fee for a particular late payment if the total of all fees assessed for that late payment does not exceed the maximum provided in subdivision (e). If the maximum total late payment fee has been imposed for a particular payment, no additional late payment fee may be imposed for that payment.
- (e) The total of all fees for a late payment shall not exceed the lesser of 5 percent of the payment or five dollars (\$5), except that a minimum total fee of two dollars (\$2) may be required.

Sec. 1812.627.

- (a) The consumer's liability for loss or damage to the property which is the subject of the rental-purchase agreement shall in no event exceed the lesser of (1) the fair market value at the time of the loss or damage or (2) the amount that would be necessary for the renter to exercise the purchase option provided in subdivision (a) of Section 1812.632.
- (b) A lessor and a consumer may agree that the consumer may be liable for loss

only up to the maximum amount described in subdivision (a) and only for one of the following:

- (1) Loss caused by the consumer's negligent, reckless, or intentional acts.
- (2) Loss caused by the theft of the property subject to the rental-purchase agreement unless one of the following is applicable:
 - (A) There is evidence of a burglary of the premises in which the property is located, such as physical evidence or an official report filed by the consumer with the police or other law enforcement agency.
 - (B) The consumer establishes by the preponderance of the evidence that the consumer has not committed or aided or abetted in the commission of the theft of the property.

Sec. 1812.628.

- (a) In addition to the circumstances described in subdivision (a) of Section 1689.5, a rental-purchase agreement regardless of the amount involved shall be deemed a home solicitation contract or offer if the rental-purchase agreement has an initial term that exceeds one week and was made at other than appropriate trade premises, as defined in subdivision (b) of Section 1689.5.
- (b) In addition to any other right of cancellation, a consumer has the right to cancel a rental-purchase agreement, without penalty or obligation if the consumer has not taken possession of the property.

Sec. 1812.629.

- (a) Upon the request of the consumer, the lessor shall provide the information as required by subdivision (b) of Section 1812.623 in an exemplar of the rental-purchase agreement covering the property specified by the consumer and shall provide the consumer with a copy of the proposed rental-purchase agreement prior to its execution. The consumer may take this copy from the lessor's premises.
- (b) The lessor shall not obtain the consumer's signature to a rental-purchase agreement if it contains blank spaces to be filled in after it has been signed.

- (c) A copy of the fully completed rental-purchase agreement and all other documents which the lessor requests the consumer to sign shall be given to the consumer at the time they are signed. The rental-purchase agreement shall not be enforceable against the consumer until the consumer has received a signed copy.
- (d) The lessor shall deliver to the consumer a written receipt for each payment made by the consumer.

Sec. 1812.630.

- (a)(1) Any advertisement of a rental-purchase agreement that states the amount of any payment shall clearly and conspicuously disclose all of the following in the same language used in the advertisement:
 - (A) That the agreement advertised is a rental-purchase agreement.
 - (B) That the property is used if that is the case.
 - (C) That ownership is not acquired until all of the payments necessary to acquire ownership have been made.
 - (D) The total amount and number of periodic payments necessary to acquire ownership.
- (2) If more than one item is advertised in one print advertisement, the lessor may comply with paragraph (1) by clearly and conspicuously including in the advertisement a table or schedule sufficient in detail to permit determination of the total amount and number of periodic payments necessary to acquire ownership of the items advertised having the highest and lowest total amount of periodic payments necessary to acquire ownership.
- (b) A lessor who advertises “no credit check” or otherwise states or implies that no inquiry will be made of a consumer’s credit history or creditworthiness shall not (1) make any inquiry or request a consumer to complete any document concerning the consumer’s assets or credit history, (2) obtain a consumer credit report as defined in subdivision (c) of Section 1785.3, or (3) obtain an investigative consumer report as defined in subdivision (c) of Section 1786.2.

Sec. 1812.631.

- (a) A consumer may be deemed in default under the rental-purchase agreement if

either of the following applies:

- (1) The rental-purchase agreement requires weekly periodic rental payments and the consumer has not made a payment by the end of the seventh day after its due date.
 - (2) The rental-purchase agreement requires rental payments in periodic intervals longer than one week and the consumer has not made a payment by the end of the 10th day after its due date.
- (b) A consumer who is in default under a rental-purchase agreement requiring weekly periodic rental payments may reinstate the rental-purchase agreement, without losing any rights or options under that agreement, by paying all past due payments, including late payment fees, by the end of the seventh day after the due date of the payment in default if the consumer retains possession of the property and within one year after the due date of the payment in default if the consumer returns or tenders the property to the lessor, unless the lessor permits the consumer to retain the property during this period.
- (c) A consumer who is in default under a rental-purchase agreement requiring rental payments in periodic intervals longer than one week may reinstate the rental-purchase agreement, without losing any rights or options under that agreement, by paying all past due payments, including late payment fees, by the end of the 10th day after the due date of the payment in default if the consumer retains possession of the property and within one year after the due date of the payment in default if the consumer returns or tenders the property to the lessor, unless the lessor permits the consumer to retain the property during this period.
- (d) Upon reinstatement, the lessor shall provide the consumer with the same rental property, if available, or substitute property of the same brand, if available, and comparable quality, age, condition, and warranty coverage. If substitute property is provided, the lessor shall provide the lessee with the disclosure required in paragraph (2) of subdivision (a) of Section 1812.623.
- (e)(1) Except as provided in paragraph (2), a lessor shall not deny a consumer the right of reinstatement provided in this section.
- (2) This section does not apply to a consumer who has (A) stolen or unlawfully disposed of the property, (B) damaged the property as the result of the consumer's intentional, willful, wanton, or reckless conduct, or (C) defaulted in making payments as described in subdivision (a) on three consecutive occasions.

- (3) If the lessor denies a consumer the right to reinstate pursuant to paragraph (2), the lessor has the burden of proof to establish that the denial was in good faith and was permitted under paragraph (2).
- (f) Nothing in this subdivision prohibits the lessor from contacting the consumer provided that the lessor does not violate Section 1812.638.

Sec. 1812.632.

- (a) The consumer has the right to acquire ownership of the property at any time after the initial payment by tendering to the lessor all past due payments and fees and an amount equal to the cash price stated in the rental-purchase agreement multiplied by a fraction that has as its numerator the number of periodic payments remaining under the agreement and that has as its denominator the total number of periodic payments.
 - (b)(1) The lessor shall provide the consumer with a written statement in the manner set forth in paragraph (2) below that clearly states (A) the total amount the consumer would have to pay to acquire ownership of the rental property if the consumer makes all regularly scheduled payments remaining under the rental-purchase agreement and (B) the total amount the consumer would have to pay to acquire ownership of that property pursuant to subdivision (a).
 - (2) The statement required by paragraph (1) shall be personally delivered or sent by first class mail to the consumer within seven days after (A) the date the consumer requests information about the amount required to purchase the rental property and (B) the date the consumer has made one-half of the total number of periodic payments required to acquire ownership of the rental property. The statement shall not be accompanied by any other written information including solicitations for other rental-purchase agreements.
 - (c)(1) Subject to paragraph (2), if any consumer who has signed the rental-purchase agreement has experienced an interruption or reduction of 25 percent or more of income due to involuntary job loss, involuntary reduced employment, illness, pregnancy, or disability after one-half or more of the total amount of the periodic payments necessary to acquire ownership under the agreement has been paid, the lessor shall reduce the amount of each periodic rental payment by (A) the percentage of the reduction in the consumer's income or (B) 50 percent, whichever is less, for the period during which the consumer's income is interrupted or reduced. If payments are reduced, the total dollar amount of payments necessary to acquire ownership shall not be increased, and the rights and duties of the lessor and the consumer shall not otherwise

be affected. When the consumer's income is restored, the lessor may increase the amount of rental payments, but in no event shall rental payments exceed the originally scheduled amount of rental payments.

- (2) Paragraph (1) applies only after the consumer provides to the lessor some evidence of the amount and cause of the interruption or reduction of income.

Sec. 1812.633.

- (a) The lessor shall maintain the property subject to the rental-purchase agreement in good working order while the agreement is in effect without charging any fee to the consumer in addition to the regularly scheduled rental payments set forth in the rental-purchase agreement.
- (b) By the end of the second business day following the day on which the lessor received notice from the consumer that the property is not operating properly, the lessor shall repair or replace the property without any fee to the consumer in addition to the regularly scheduled rental payments set forth in the rental-purchase agreement.
- (c) If a repair or replacement cannot be immediately effected, the lessor shall temporarily substitute property of comparable quality and condition while repairs are being effected. If repairs cannot be completed to the reasonable satisfaction of the consumer within 30 days after the lessor receives notice from the consumer or within a longer period voluntarily agreed to by the consumer, the lessor shall permanently replace the property.
- (d) All replacement property shall be the same brand, if available, and comparable in quality, age, condition, and warranty coverage to the replaced property. If the same brand is not available, the brand of the replacement property shall be agreeable to the consumer.
- (e) All of the consumer's and lessor's rights and obligations under the rental-purchase agreement and this title that applied to the property originally subject to the rental-purchase agreement shall apply to any replacement property.
- (f) The consumer shall not be charged, or held liable for, any rental fee for any period of time during which the property that is the subject of the rental-purchase agreement or any property substituted for it pursuant to this section is not in good working order.
- (g) This section does not apply to the repair of damage resulting from the

consumer's intentional, willful, wanton, reckless, or negligent conduct. If the lessor does not comply with this section because of this subdivision, the lessor has the burden of proof to establish that noncompliance was justified and in good faith.

- (h) A lessor shall not deliver to a consumer any property which the lessor knows or has reason to know is defective.

Sec. 1812.634.

When the lessor transfers ownership of the rental property, the lessor shall also transfer to the consumer the unexpired portion of any transferrable warranties provided by the manufacturer, distributor, or seller of the rental property, and these warranties shall apply as if the consumer were the original purchaser of the goods.

Sec. 1812.635.

- (a) A lessor shall not sell, or offer for sale, a service contract for the rental property if that service contract provides any coverage while the rental-purchase agreement is in effect.
- (b) A lessor may sell, or offer for sale, a service contract providing coverage for the rental property after the consumer acquires ownership of that property if both of the following conditions are satisfied:
 - (1) The lessor does not sell, or offer to sell, the service contract before (A) the consumer pays at least one-half of the total number of periodic payments necessary to acquire ownership of the property or (B) the consumer acquires ownership of the property, as provided in Section 1812.632, whichever occurs first.
 - (2) The lessor clearly and conspicuously indicates to the consumer in writing before the consumer's purchase of the service contract that the purchase of the service contract that the purchase is optional.
- (c) If the consumer chooses to purchase a service contract before the expiration of the rental-purchase agreement and defaults or otherwise does not make all payments necessary to acquire ownership within the rental period specified in the agreement, the lessor shall refund all consideration paid for the service contract to the consumer within 2 weeks after the lessor has received the consumer's last rental payment. This subdivision does not limit or alter any of the consumer's cancellation or refund rights under the service contract or under other provisions of law.

- (d) "Service contract" has the meaning set forth in subdivision (o) of Section 1791.

Sec. 1812.636.

- (a) A consumer damaged by a violation of this title by a lessor is entitled to recover all of the following:
 - (1) Actual damages.
 - (2) Twenty-five percent of an amount equal to the total amount of payments required to obtain ownership if all payments were made under the rental-purchase agreement, but not less than one hundred dollars (\$100) nor more than one thousand \$1,000).
 - (3) The consumer's reasonable attorney's fees and court costs.
 - (4) Exemplary damages, in the amount the court deems proper, for intentional or willful violations of this title.
 - (5) Equitable relief as the court deems proper.
- (b) Where more than one consumer is a party to a rental-purchase agreement, the limitations of subdivision (a) shall apply to all those consumers in the aggregate, and no more than one recovery shall be permitted for each violation.

Sec. 1812.637.

- (a) A lessor is not liable for a violation of this title if, before the 30th calendar day after the date the lessor discovers a bona fide error and before an action under this title is filed or written notice of the error is received by the lessor from the consumer, the lessor gives the consumer written notice of the error. "Bona fide error," as used in this section, means a violation that was not intentional and resulted from a bona fide error notwithstanding the maintenance of procedures reasonably adapted to avoid that error. Examples of a bona fide error include clerical errors, calculation errors, errors due to unintentionally improper computer programming or data entry, and printing errors, but does not include an error of legal judgment with respect to a lessor's obligations under this title.
- (b) Notwithstanding subdivision (a), if the lessor notifies the consumer of a bona

bona fide error the correction of which would increase the amount of any payment, the lessor may not collect the amount of the increase, and the consumer may enforce the rental-purchase agreement as initially written.

- (c) Notwithstanding subdivision (a), if the lessor notifies the consumer of a bona fide error the correction of which would lower the amount of any payment, the lessor shall immediately refund to the consumer the difference between what the consumer paid and what the consumer should have paid if the agreement were correct at the inception of the transaction.

Sec. 1812.638.

- (a) A lessor shall not engage in any unfair, unlawful, or deceptive conduct, or make any untrue or misleading statement in connection with the collection of any payment owed by a consumer or the repossession of any property or attempt to collect or collect any payment in a manner that would be unlawful to collect a debt pursuant to Title 1.6C (commencing with Section 1788).
- (b) All of the following apply to any communication by a lessor with any person other than the consumer for the purpose of acquiring information about the location of a consumer or of any rental property:
 - (1) The lessor shall identify itself and state that the lessor is confirming or correcting location information concerning the consumer.
 - (2) The lessor shall not communicate with any person more than once unless requested to do so by the person or unless the lessor reasonably believes that the earlier response is erroneous or incomplete and that the person now has correct or complete location information.
 - (3) The lessor shall not communicate by postcard.
 - (4) The lessor shall not use any language or symbol on any envelope or in the contents of any communication that indicates that the communication relates to the collection of any payment or the recovery or repossession of rental property.
 - (5) The lessor shall not communicate with any person other than the consumer's attorney, after the lessor knows the consumer is represented by an attorney with regard to the rental-purchase agreement and has knowledge of, or can readily ascertain, the attorney's name and address, unless the attorney fails to respond within a reasonable period of time to communicate from the lessor or unless the attorney consents to direct communication with the consumer.
- (c) Without the prior consent of the consumer given directly to the lessor or the

express permission of a court of competent jurisdiction, a lessor shall not communicate with a consumer in connection with the collection of any payment or the recovery or repossession of rental property at any of the following:

- (1) The consumer's place of employment.
 - (2) Any unusual time or place or a time or place known or that should be known to be inconvenient to the consumer. In the absence of knowledge of circumstances to the contrary, a lessor shall assume that the convenient time for communicating with a consumer is after 8 a.m. and before 9 p.m., local time at the consumer's location.
- (d) A lessor shall not communicate, in connection with the rental-purchase agreement, with any person other than the consumer, the consumer's attorney, or the lessor's attorney, except to the extent the communication is any of the following:
- (1) Reasonably necessary to acquire location information concerning the consumer or the rental property, as provided in subdivision (b).
 - (2) Upon the prior consent of the consumer given directly to the lessor.
 - (3) Upon the express permission of a court of competent jurisdiction.
 - (4) Reasonably necessary to effectuate a post judgment judicial remedy.
- (e) If a consumer notifies the lessor in writing that the consumer wishes the lessor to cease further communication with the consumer, the lessor shall not communicate further with the consumer with respect to the rental-purchase agreement, except for any of the following:
- (1) To advise the consumer that the lessor's further efforts are being terminated.
 - (2) To notify the consumer that the lessor may invoke specified remedies allowable by law which are ordinarily invoked by the lessor.
 - (3) Where necessary to effectuate any post-judgment remedy.
- (f) A lessor shall not harass, oppress, or abuse any person in connection with a rental purchase agreement, including engaging in any of the following conduct:

- (1) Using or threatening the use of violence or any criminal means to harm the physical person, reputation, or property of any person.
- (2) Using obscene, profane, or abusive language.
- (3) Causing a telephone to ring, or engaging any person in a telephone conversation repeatedly or continuously with intent to annoy, abuse, or harass any person.
- (4) Placing telephone calls without disclosure of the caller's identity.

Sec. 1812.639.

A lessor shall not engage in any unfair, unlawful, or deceptive conduct or make any untrue or misleading statement in connection with a rental-purchase agreement, including any violation of this title.

Sec. 1812.640.

A lessor shall not report any late payment, default, or repossession to a consumer credit reporting agency, as defined in subdivision (d) of Section 1785.3, or to an investigative consumer reporting agency, as defined in subdivision (d) of Section 1786.2 if the lessor (a) advertises "no credit check" or otherwise states or implies that no inquiry will be made of a consumer's credit history or creditworthiness or (b) does not obtain a consumer credit report or investigative consumer report on a consumer before entering into a rental-purchase agreement with that consumer.

Sec. 1812.641.

- (a) A lessor shall not send any solicitation or other promotional material to a person identified by the consumer as a reference to verify the consumer's income, assets, credit history, or residence unless all of the following occur:
 - (1) The lessor clearly discloses in the rental-purchase agreement or application that (A) the lessor may send solicitations or other promotional material to references provided by the consumer unless the consumer objects and (B) the consumer has the right to object without incurring any additional rental charge or fee or any loss of contractual rights.
 - (2) A space on the rental-purchase agreement or application adjacent to the disclosure described in paragraph (1) is provided for the consumer to indicate the consumer's approval or disapproval of the lessor's

sending solicitation or other promotional material.

- (3) The consumer affirmatively indicates approval.
 - (4) The lessor does not vary any term required to be disclosed pursuant to Section 1812.623 depending on whether the consumer approves or disapproves of the lessor's sending of solicitations or other promotional material to references.
- (b) The first solicitation or other promotional material directed to a person whom the consumer has identified as a reference shall clearly offer the reference the opportunity, without cost, to instruct the lessor to refrain from sending further solicitations or other promotional material to the reference. If so instructed, the lessor shall not send any further solicitation or other promotional material to the reference and shall remove the reference's name and address from the lessor's mailing list.
 - (c) This section shall not apply to solicitations or other promotional material sent generally to people solely on the basis of demographic, geographic, or postal zip code criteria and without regard to whether the people have been identified as references by consumers.

Sec. 1812.642.

A lessor shall not discriminate against a prospective consumer on any ground that would be a prohibited basis for a creditor to discriminate against an applicant for credit as provided in the Equal Credit Opportunity Act (15 U.S.C. Sec. 1691 et. seq.) and Regulation B (12 C.F.R. Part 202) as if they applied to a rental-purchase agreement. Nothing in this section shall be construed in any manner to mean that a rental-purchase agreement is a credit transaction.

Sec. 1812.643.

- (a) Except as provided in subdivision (b), a lessor who obtains the signature of more than one person on a rental-purchase agreement shall deliver the notice set forth in subdivision (c) to each person before that person signs the agreement.
- (b) This section does not apply if the persons signing the agreement are married to each other or in fact receive possession of the property described in the agreement.
- (c) The notice required by this section is as follows:

"NOTICE TO COSIGNER

If you sign this contract, you will have the same responsibility for the property and the same obligation to make payments that every renter has.

If any renter does not pay, you may have to pay the full amount owed, including late fees, and you may have to pay for certain loss or damage to the property.

The lessor may collect from you without first trying to collect from any other renter. The lessor can use the same collection methods against you that can be used against any renter, such as suing you or garnishing your wages.

Before you sign, be sure you can afford to pay if you have to, and that you want to accept this responsibility."

- (d) The notice required by subdivision (c) shall be printed in at least 10-point boldface type in English and Spanish. If the rental-purchase agreement is required to be written in a language other than English or Spanish, the notice shall be written in English and, in addition or in lieu of Spanish, in that other language.
- (e) If the notice set forth in subdivision (c) is included with the text of the rental-purchase agreement, the notice shall appear immediately above or adjacent to the disclosures required by the subdivision (b) of Section 1812.623. If the notice is not included with the text of the agreement, the notice shall be on a separate sheet which shall not contain any other text except as is necessary to identify the lessor and agreement to which the notice refers and to provide for the date and the person's acknowledgement of receipt.
- (f) The lessor shall give each person entitled to notice under this section a copy of the completed rental-purchase agreement before obtaining that person's signature.
- (g) If a person entitled to receive notice and a copy of the rental-purchase agreement under this section does not receive the notice or agreement in the manner required, that person has no liability in connection with the rental-purchase transaction.

- (a) A lessor shall maintain records that establish that the price disclosed as the cash price in a rental-purchase agreement is the cash price as defined in subdivision (e) Section 1812.622. A copy of each rental-purchase agreement and of the records required by this subdivision shall be maintained for two years following the termination of the agreement.
- (b) Evidence of the cash price of new rental property may include the following:
 - (1) Published prices or advertisements by retailers of similar products selling in the same trade area in which the lessor's business is located, if the prices were published or disseminated within the 90 day period preceding the date of the rental-purchase agreement.
 - (2) An amount equal to twice the documented actual cost, including freight charges, of the rental property to the lessor from a wholesaler, distributor, or manufacturer.
 - (3) The manufacturer's suggested retail price for a home appliance, as defined in subdivision (r) of Section 1791, or a home electronic product, as defined in subdivision (s) of Section 1791. Manufacturer's suggested retail price may not be utilized as evidence of the cash price of any other type of rental property.
- (c) Upon the written request of the Attorney General, any district attorney or city attorney, or the Director of the Department of Consumer Affairs, a lessor shall provide copies of the records described in this section.
- (d) If a lessor willfully discloses a cash price in a rental-purchase agreement that exceeds the cash price of the property as defined in subdivision (e) of Section 1812.622, the rental-purchase agreement is void, the consumer shall retain the property without any obligation, and the lessor shall refund to the consumer all amounts paid.

Sec. 1812.645.

An action on a rental-purchase agreement shall be tried in the county in which the rental-purchase agreement was signed or the consumer resides at the time the action is commenced.

Sec, 1812.646.

Any waiver or modification of the provisions of this title by the consumer or lessor shall be void and unenforceable as contrary to public policy.

Sec. 1812.647.

Any person who willfully violates any provision of this title is guilty of a misdemeanor.

Sec. 1812.648.

The rights, remedies, and penalties established by this title are cumulative to the rights, remedies and penalties established under other laws.

Sec. 1812.649.

If any provision of this title or the application thereof to any person or circumstances is held invalid, that invalidity shall not affect other provisions or applications of the title that can be given effect without the invalid provision or application, and to this end the provisions of this title are severable.

Assembly Bill No. 594

CHAPTER 410

An act to amend Sections 1812.622, 1812.623, 1812.624, 1812.632, and 1812.644 of the Civil Code, relating to personal property.

[Approved by Governor September 22, 2006. Filed with
Secretary of State September 22, 2006.]

LEGISLATIVE COUNSEL'S DIGEST

AB 594, Karnette. Personal property: rental-purchase agreements.

(1) Existing law defines and regulates the terms of personal property rental-purchase agreements. Existing law requires that the lessor in a rental-purchase agreement maintain records that establish that the price disclosed as the cash price of the rental property is the same as the cash price required by law. Existing law specifies certain items that may be evidence of the cash price of new rental property for these purposes. Existing law provides that any willful violation of these provisions is a misdemeanor.

This bill would revise and recast provisions relating to personal property rental-purchase agreements. The bill would redefine "cash price" for these purposes and would establish definitions of "lessor's cost" and "total of payments," among others. The bill would revise disclosures contained in rental-purchase agreements and add new provisions that would be prohibited from appearing in these agreements. The bill would provide a consumer the right to acquire ownership of property that is the subject of a rental-purchase agreement within 3 months of the execution of the agreement by tendering a specified amount, and would require the lessor of the property to notify the consumer of this right within 10 days of executing the agreement, as specified. The bill would limit the maximum cash prices, pursuant to certain formulas, that a lessor would be permitted to charge on a first rental of property, and second and subsequent rentals, and would limit the maximum total of payments in relation to these cash price limits. The bill would also include provisions intended to make specified sections revised by the bill apply, as specified. By changing the definition of a crime, this bill would impose a state-mandated local program.

(2) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

The people of the State of California do enact as follows:

SECTION 1. Section 1812.622 of the Civil Code is amended to read:
1812.622. As used in this title:

(a) "Advertisement" means a commercial message in any medium that directly or indirectly solicits or promotes one or more specific rental-purchase transactions, excluding instore merchandising aids. This definition does not limit or alter the application of other laws, including Chapter 5 (commencing with Section 17200) of Part 2 and Chapter 1 (commencing with Section 17500) of Part 3, of Division 7 of the Business and Professions Code, to rental-purchase transactions.

(b) "Consumer" means a natural person or persons who rent or lease personal property from a lessor pursuant to a rental-purchase agreement or to whom a lessor offers personal property for use pursuant to a rental-purchase agreement.

(c) "Lessor" means any person or entity that provides or offers to provide personal property for use by consumers pursuant to a rental-purchase agreement.

(d) "Rental-purchase agreement," except as otherwise provided in this subdivision, means an agreement between a lessor and a consumer pursuant to which the lessor rents or leases, for valuable consideration, personal property for use by a consumer for personal, family, or household purposes for an initial term not exceeding four months that may be renewed or otherwise extended, if under the terms of the agreement the consumer acquires an option or other legally enforceable right to become owner of the property. A rental-purchase agreement is a lease subject to Title 1.5 (commencing with Section 1750) and Title 1.7 (commencing with Section 1790).

"Rental-purchase agreement" shall not be construed to be, nor be governed by, and shall not apply to, any of the following:

- (1) A retail installment sale, as defined in Section 1802.5.
- (2) A retail installment contract, as defined in Section 1802.6.
- (3) A retail installment account, as defined in Section 1802.7.
- (4) A lease or agreement that constitutes a security interest, as defined in Section 1201 of the Commercial Code.
- (5) A consumer credit contract, as defined in Section 1799.90.

(e) "Cash price" means the price of the personal property described in the rental-purchase agreement that the consumer may pay in cash to the lessor at the inception of the rental-purchase agreement to acquire ownership of that personal property.

(f) "Cost of rental" means the difference between the total of all periodic payments necessary to acquire ownership under the rental-purchase agreement and the cash price of the rental property that is subject to the rental-purchase agreement.

(g) "Fee" means any payment, charge, fee, cost, or expense, however denominated, other than a rental payment.

(h) “Appliance” means and includes any refrigerator, freezer, range including any cooktop or oven, microwave oven, washer, dryer, dishwasher, or room air conditioner or air purifier.

(i) “Electronic set” means and includes any television, radio, camera, video game, or any type of device for the recording, storage, copying, printing, transmission, display, or playback of any sound or image, but does not include any item that is part of a computer system.

(j) “Computer system” means a computer processor and a video monitor, printer, and peripheral items primarily designed for use with a computer. Audio and video devices, which are commonly used for entertainment and into which data may be downloaded from a computer, are not part of a computer system.

(k) “Lessor’s cost” means the documented actual cost, including actual freight charges, of the rental property to the lessor from a wholesaler, distributor, supplier, or manufacturer and net of any discounts, rebates, and incentives.

(l) “Total of payments” means the total amount of periodic payments necessary to acquire ownership of the property that is the subject of the rental-purchase agreement if the consumer makes all regularly scheduled payments.

SEC. 2. Section 1812.623 of the Civil Code is amended to read:

1812.623. (a) Every rental-purchase agreement shall be contained in a single document which shall set forth all of the agreements of the lessor and the consumer with respect to the rights and obligations of each party. Every rental-purchase agreement shall be written in at least 10-point type in the same language as principally used in any oral sales presentation or negotiations leading to the execution of the agreement, and shall clearly and conspicuously disclose all of the following:

(1) The names of the lessor and the consumer, the lessor’s business address and telephone number, the consumer’s address, the date on which the agreement is executed, and a description of the property sufficient to identify it.

(2) Whether the property subject to the rental-purchase agreement is new or used. If the property is new, the lessor shall disclose the model year or, if the model year is not known by the lessor, the date of the lessor’s acquisition of the property. If the property is used, the age or the model year shall be disclosed if known by the lessor.

(3) The minimum period for which the consumer is obligated under the rental-purchase agreement; the duration of the rental-purchase agreement if all regularly scheduled periodic payments are made, designated as the “rental period”; and the amount of each periodic payment.

(4) The total of payments and the total number of periodic payments necessary to acquire ownership of the property if the renter makes all regularly scheduled periodic payments.

(5) The cash price of the property subject to the rental purchase agreement.

(6) The cost of rental.

(7) The amount and purpose of any other payment or fee permitted by this title in addition to those specified pursuant to paragraphs (3) and (4), including any late payment fee.

(8) A statement that the total number and dollar amount of payments necessary to acquire ownership of the rental property disclosed under paragraph (4) does not include other fees permitted by this title, such as late payment fees, and that the consumer should read the rental-purchase agreement for an explanation of any applicable additional fees.

(9) Whether the consumer is liable for loss or damage to the rental property and, if so, the maximum amount for which the consumer may be liable as provided in subdivision (a) of Section 1812.627.

(10) The following notice:

NOTICE

You are renting this property. You will not own it until you make all of the regularly scheduled payments or you use the early purchase option.

You do not have the right to keep the property if you do not make required payments or do not use the early purchase option. If you miss a payment, the lessor can repossess the property, but, you may have the right to the return of the same or similar property.

See the contract for an explanation of your rights.

(11) A description of the consumer's right to acquire ownership of the property before the end of the rental period as provided in subdivisions (a) and (b) of Section 1812.632.

(12) A description of the consumer's reinstatement rights as provided in Section 1812.631.

(13) If warranty coverage is transferable to a consumer who acquires ownership of the property, a statement that the unexpired portion of all warranties provided by the manufacturer, distributor, or seller of the property that is the subject of the rental-purchase agreement will be transferred by the lessor to the consumer at the time the consumer acquires ownership of the property from the lessor.

(14) A description of the lessor's obligation to maintain the rental property and to repair or replace rental property that is not operating properly, as provided in Section 1812.633.

(b) (1) The disclosures required by paragraphs (3), (4), (5), and (6) of subdivision (a) shall be printed in at least 10-point boldface type or capital letters if typed and shall be grouped together in a box formed by a heavy line in the following form:

TOTAL OF PAYMENTS \$ You must pay this amount to own the property if you make all the regular payments. You can buy the property for less under the early purchase option.	COST OF RENTAL \$ Amount over cash price you will pay if you make all regular payments.	CASH PRICE \$ Property available at this price for cash from the lessor. See about your early purchase option rights.	
	AMOUNT OF EACH PAYMENT \$ per <hr/> (insert period)	NUMBER OF PAYMENTS	RENTAL PERIOD

(2) The box described in paragraph (1) shall appear immediately above the space reserved for the buyer’s signature.

(c) The disclosures required by paragraphs (3), (4), (5), and (6) of subdivision (a) shall be grouped together in a box formed by a heavy line in the form prescribed in subdivision (b) and shall be clearly and conspicuously placed on a tag or sticker affixed to the property available for rental-purchase. If the property available for rental-purchase is not displayed at the lessor’s place of business but appears in a photograph or catalog shown to consumers, a tag or sticker shall be affixed to the photograph of the property or catalog shown to consumers or shall be given to consumers. The disclosure required by paragraph (2) of subdivision (a) also shall be clearly and conspicuously placed on the tag or sticker.

(d) All disclosures required by this section shall be printed or typed in a color or shade that clearly contrasts with the background.

SEC. 3. Section 1812.624 of the Civil Code is amended to read:

1812.624. (a) No rental-purchase agreement or any document that the lessor requests the consumer to sign shall contain any provision by which:

(1) A power of attorney is given to confess judgment in this state or to appoint the lessor, its agents, or its successors in interest as the consumer’s agent in the collection of payments or the repossession of the rental property.

(2) The consumer authorizes the lessor or its agent to commit any breach of the peace in repossessing the rental property or to enter the consumer’s dwelling or other premises without obtaining the consumer’s consent at the time of entry.

(3) The consumer agrees to purchase from the lessor insurance or a liability waiver against loss or damage to the rental property.

(4) The consumer waives or agrees to waive any defense, counterclaim, or right the consumer may have against the lessor, its agent, or its successor in interest.

(5) The consumer is required to pay any fee in connection with reinstatement except as provided in Section 1812.631.

(6) The consumer is required to pay a fee in connection with the pickup of the property or the termination or rescission of the rental-purchase agreement.

(7) The consumer is required to pay any fee permitted by the rental-purchase agreement and this title that is not reasonable and actually incurred by the lessor. The lessor has the burden of proof to establish that a fee was reasonable and was an actual cost incurred by the lessor.

(8) The consumer is required to pay a downpayment, more than one advance periodic rental payment, or any other payment except a security deposit permitted under Section 1812.625.

(9) Except to the extent permitted by subdivision (b) of Section 1812.627, the consumer waives any rights under Sections 1928 or 1929.

(10) The consumer grants a security interest in any property.

(11) The consumer's liability for loss or damage to the property which is the subject of the rental-purchase agreement may exceed the maximum described in subdivision (a) of Section 1812.627.

(12) Except under the circumstances authorized by subdivision (a) or (b) of Section 1812.632, the consumer is obligated to make any balloon payment. A "balloon payment" is any payment for the purchase or use of the rental property which is more than the regularly scheduled periodic payment amount.

(13) The consumer is required to pay a late payment fee that is not permitted under Section 1812.626.

(14) The consumer is required to pay both a late payment fee and a fee for the lessor's collection of a past due payment at the consumer's home or other location.

(15) The consumer waives or offers to waive any right or remedy against the lessor, its agents, or its successors in interest for any violation of this title or any other illegal act. This subdivision does not apply to a document executed in connection with the bona fide settlement, compromise, or release of a specific disputed claim.

(16) The lessor, its agents, or its successors in interest may commence any judicial action against the consumer in a county other than the county in which (A) the rental-purchase agreement was signed or (B) the consumer resides at the time the action is commenced.

(17) The amount stated as the cash price for any item of personal property exceeds the cash price permitted under Section 1812.644.

(18) The total of payments exceeds the amount permitted under Section 1812.644.

(b) Any provision in a rental-purchase agreement that is prohibited by this title shall be void and unenforceable and a violation of this title. A rental-purchase agreement which contains any provision that is prohibited by this title is voidable by the consumer.

SEC. 4. Section 1812.632 of the Civil Code is amended to read:

1812.632. (a) (1) The consumer has the right to acquire ownership of the property within three months of the date on which the consumer executed the rental-purchase agreement by tendering to the lessor an amount equal to the cash price and any past due fees less all periodic payments that the consumer has paid.

(2) Within 10 days after the consumer executes the rental purchase agreement, the lessor shall personally deliver or send by first-class mail to the consumer a notice informing the consumer of the right described in paragraph (1), including the amount the consumer must pay to acquire ownership and the date by which payment must be made. The statement shall not be accompanied by any other written information including solicitations for other rental-purchase agreements.

(b) After the expiration of the three-month period following the execution of the rental-purchase agreement, the consumer has the right to acquire ownership of the property at any time by tendering to the lessor all past due payments and fees and an amount equal to the cash price stated in the rental-purchase agreement multiplied by a fraction that has as its numerator the number of periodic payments remaining under the agreement and that has as its denominator the total number of periodic payments.

(c) (1) The lessor shall, in connection with a consumer's rights under subdivision (b), provide the consumer with a written statement in the manner set forth in paragraph (2) below that clearly states (A) the total amount the consumer would have to pay to acquire ownership of the rental property if the consumer makes all regularly scheduled payments remaining under the rental-purchase agreement and (B) the total amount the consumer would have to pay to acquire ownership of that property pursuant to subdivision (a).

(2) The statement required by paragraph (1) shall be personally delivered or sent by first-class mail to the consumer within seven days after (A) the date the consumer requests information about the amount required to purchase the rental property and (B) the date the consumer has made one-half of the total number of periodic payments required to acquire ownership of the rental property. The statement shall not be accompanied by any other written information including solicitations for other rental-purchase agreements.

(d) (1) Subject to paragraph (2), if any consumer who has signed the rental-purchase agreement has experienced an interruption or reduction of 25 percent or more of income due to involuntary job loss, involuntary reduced employment, illness, pregnancy, or disability after one-half or more of the total amount of the periodic payments necessary to acquire ownership under the agreement has been paid, the lessor shall reduce the

amount of each periodic rental payment by (A) the percentage of the reduction in the consumer's income or (B) 50 percent, whichever is less, for the period during which the consumer's income is interrupted or reduced. If payments are reduced, the total dollar amount of payments necessary to acquire ownership shall not be increased, and the rights and duties of the lessor and the consumer shall not otherwise be affected. When the consumer's income is restored, the lessor may increase the amount of rental payments, but in no event shall rental payments exceed the originally scheduled amount of rental payments.

(2) Paragraph (1) applies only after the consumer provides to the lessor some evidence of the amount and cause of the interruption or reduction of income.

SEC. 5. Section 1812.644 of the Civil Code is amended to read:

1812.644. (a) A lessor shall maintain records that establish the lessor's cost, as defined in subdivision (k) of Section 1812.622, for each item of personal property that is the subject of the rental-purchase agreement. A copy of each rental-purchase agreement and of the records required by this subdivision shall be maintained for two years following the termination of the agreement.

(b) The maximum cash price for the lessor's first rental of the property that is the subject of the rental-purchase agreement may not exceed 1.65 times the lessor's cost for computer systems and appliances, 1.7 times the lessor's cost for electronic sets, 1.9 times the lessor's cost for automotive accessories, furniture, jewelry, and musical instruments, and 1.65 times the lessor's cost for all other items.

(c) The maximum total of payments may not exceed 2.25 times the maximum cash price that could have been charged for the first rental of the property under subdivision (b).

(d) The maximum total of payments for the lessor's second and subsequent rental of the property that is the subject of the rental-purchase agreement may not exceed the maximum total of payments permitted under subdivision (c) for the first rental of that property less (1) for appliances and electronic sets, one-third the amount of all rental payments paid to the lessor by consumers who previously rented that property or (2) for furniture, computer systems, and all other items, one-half the amount of all rental payments paid to the lessor by consumers who previously rented that property.

(e) The maximum cash price for property on its second or subsequent rental may not exceed the maximum total of payments for that property as permitted under subdivision (d) divided by 2.25.

(f) Upon the written request of the Attorney General, any district attorney or city attorney, or the Director of the Department of Consumer Affairs, a lessor shall provide copies of the records described in this section.

(g) If a lessor willfully discloses a cash price or a total of payments that exceeds the amount permitted by this section, the rental-purchase

agreement is void, the consumer shall retain the property without any obligation, and the lessor shall refund to the consumer all amounts paid.

SEC. 6. On and after June 1, 2006 to December 31, 2006, inclusive, a lessor may comply with Sections 1812.622, 1812.623, 1812.624, 1812.632, and 1812.644 of the Civil Code as amended by this act in lieu of complying with those sections as they were in effect before the effective date of this act without incurring any liability for doing so.

SEC. 7. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.