

IOWA

Consumer Rental-Purchase Agreements

Code of Iowa, 1993, as amended. Iowa Consumer Credit Code.

Sec. 537.3601 Short Title.

This part of article 3 may be known and may be cited as the "Consumer Rental-Purchase Agreement Act."

Sec. 537.3602 - Purposes - Rules of construction.

1. This part shall be liberally construed and applied to promote its underlying purposes and policies.
2. The underlying purposes and policies of this part are to:
 - a. Define, simplify, and clarify the law governing consumer rental-purchase agreements.
 - b. Provide certain disclosures to consumers who enter into consumer rental-purchase agreements, and further consumer understanding of the terms of consumer rental-purchase agreements.
 - c. Protect consumers against unfair practices.
 - d. Permit and encourage the development of fair and economically sound rental-purchase practices.
 - e. Make the law on consumer rental-purchase agreements, including administrative rules, more uniform among the various uniform consumer credit code jurisdictions.
3. A reference to a requirement imposed by this part includes a reference to a related rule of the administrator adopted pursuant to this chapter.

Sec. 537.3603. Exclusions.

This part does not apply to, and an agreement which complies with this part is not governed by, the provisions regarding:

1. A consumer credit sale as defined in section 537.1301, subsection 12.

2. A consumer lease as defined in section 537.1301, subsection 13.
3. A consumer loan as defined in section 537.1301, subsection 14.
4. A lease or agreement which constitutes a "credit sale" as defined in 12 C.F.R. § 226.2(a)(16), and the Truth-in-Lending Act, 15 U.S.C. § 1602(g), or an agreement which constitutes a "sale of goods" under section 537.1301, subsection 35.
5. A lease which constitutes a consumer lease as defined in 12 C.F.R. § 226.2(a)(6).
6. A lease or agreement which constitutes a security interest as defined in section 554.1201, subsection 37.

Sec. 537.3604. General definitions.

As used in this part, unless otherwise required by the context:

1. "Administrator" means the administrator as designated in section 537.6103.
2. "Advertisement" means a commercial message in any medium, including signs, window displays, and price tags, that promotes, directly or indirectly, a consumer rental-purchase agreement.
3. "Cash price" means the price at which the lessor in the ordinary course of business would offer to sell the personal property to the lessor for cash on the date of the consumer rental-purchase agreement.
4. "Consummation" means the time at which the lessee enters into a consumer rental-purchase agreement.
5. "Lessee" means a natural person who rents personal property under a consumer rental-purchase agreement for personal, family, or household use.
6. "Lessor" means a person who, in the ordinary course of business, regularly leases, offers to lease, or arranges for the leasing of property under a consumer rental-purchase agreement.
7. "Personal property" means any property that is not real property under the laws of this state when it is made available for a consumer rental-purchase business.
8. "Consumer rental-purchase agreement" means an agreement for the use of

personal property in which all of the following are applicable:

- a. The lessor is regularly engaged in the rental-purchase business.
- b. The agreement is for an initial period of four months or less, whether or not there is any obligation beyond the initial period, that is automatically renewable with each payment and that permits the lessee to become the owner of the property.
- c. The lessee is a person other than an organization.
- d. The lessee takes under the consumer rental-purchase agreement primarily for a personal, family, or household purpose.
- e. The amount payable under the consumer rental-purchase agreement does not exceed twenty-five thousand dollars.

Sec. 537.3605. Disclosures.

In a consumer rental-purchase agreement, the lessor shall disclose the following items, as applicable:

1. The total of scheduled payments accompanied by an explanation that this term means the "total dollar amount of lease payments you will have to make to acquire ownership."
2. By item, the total number, amounts, and timing of all lease payments and other charges including taxes or official fees paid to or through the lessor which are necessary to acquire ownership of the property.
3. Any initial or advance payment such as a delivery charge, security deposit, or trade-in allowance.
4. A statement that the lessee will not own the property until the lessee has made the total of payments necessary to acquire ownership of the property.
5. A statement that the total of payments does not include additional charges such as late payment charges, and a separate listing and explanation of these charges as applicable.
6. If applicable, a statement that the lessee is responsible for the fair market value of the property if and as of the time it is lost, stolen, damaged, or destroyed.

7. A description of the goods or merchandise including model numbers as applicable and a statement indicating whether the property is new or used. It is not a violation of this subsection to indicate that the property is used if it is actually new.
8. A statement that at any time after the first periodic payment is made, the lessee may acquire ownership of the property by exercising the option to purchase the property, and at what price, or by what formula or method the purchase price will be determined. It is not a violation of this subsection for the lessor and the lessee to agree in writing to allow the lessee to acquire ownership of the property for less than the amounts referred to in this subsection.
9. The cash price of the merchandise.

Sec. 537.3606. Form requirements.

1. The disclosure information required by section 537.3605 and this section shall be disclosed in a consumer rental-purchase agreement, and shall meet the following requirements:
 - a. Be made clearly and conspicuously with items appearing in logical order and segregated as appropriate for readability and clarity.
 - b. Be made in writing.
 - c. Except as provided in subsection 2 or in rules adopted by the administrator, need not be contained in a single writing or made in the order set forth in section 537.3605.
 - d. May be supplemented by additional information or explanations supplied by the lessor, but none shall be stated, used or placed so as to mislead or confuse the lessee, or to contradict, obscure, or detract attention from the information required by section 537.3605, and so long as the additional information or explanations do not have the effect of circumventing, evading, or unduly complicating the information required to be disclosed by section 537.3605.
2. The lessor shall disclose all information required by section 537.3605 before the consumer rental-purchase agreement is consummated. These disclosures shall be made on the face of the writing evidencing the consumer rental-purchase agreement.
3. Before any payment is due, the lessor shall furnish the lessee with an exact copy of each consumer rental-purchase agreement, which shall be signed by

the lessee and which shall evidence the lessee's agreement. If there is more than one lessee in a consumer rental-purchase agreement, delivery of a copy of the consumer rental-purchase agreement to one of the lessees constitutes compliance with this part; however, a lessee not signing the agreement is not liable under it.

4. The administrator may adopt by rule requirements for the order, acknowledgment by initialing, and conspicuousness of the disclosures set forth in section 537.3605. These rules may allow these disclosures to be made in accordance with model forms prepared by the administrator.
5. The terms of the consumer rental-purchase agreement, except as otherwise provided in this part, shall be set forth in not less than eight-point standard type, or such similar type as prescribed in rules adopted by the administrator.
6. Every consumer rental-purchase agreement shall contain immediately above or adjacent to the place for the signature of the lessee, a clear, conspicuous, printed or typewritten notice in substantially the following language:

Notice to Lessee - Read Before Signing

- a. **Do not sign this before you read the entire agreement including any writing on the reverse side, even if otherwise advised.**
- b. **Do not sign this if it contains any blank spaces.**
- c. **You are entitled to an exact copy of any agreement you sign.**
- d. **You have the right to exercise any early buy-out option as provided in this agreement. Exercise of this option may result in a reduction of your total cost to acquire ownership under this agreement.**
- e. **If you elect to make weekly rather than monthly payments and exercise your purchase option, you may pay more for the leased property.**

7. The notice described in subsection 6 shall be in bold face, ten-point type.

Sec. 537.3607. Receipts.

The lessor shall furnish the lessee, without request, an itemized written receipt for each

payment in cash, or any other time the method of payment itself does not provide evidence of payment.

Sec. 537.3608. Acquiring ownership.

1. A lessor shall not offer a consumer rental-purchase agreement in which fifty percent of all lease payments necessary to acquire ownership of the leased property exceed the cash price of the leased property. When fifty percent of all lease payments made by a lessee equals the cash price of the property disclosed to the lessee pursuant to section 537.3605, subsection 9, the lessee shall acquire ownership of the leased property and the agreement shall terminate.
2. At any time after tendering an initial lease payment, a lessee may acquire ownership of the property that is the subject of the consumer rental-purchase agreement by tendering an amount equal to the amount by which the cash price of the leased property exceeds fifty percent of all lease payments made by the lessee.
3. If it is not a violation of this section for the lessor and the lessee to agree in writing to allow the lessee to acquire ownership of the property for less than the amounts referred to in this section.

Sec. 537.3609. Renegotiation.

1. A renegotiation occurs when an existing consumer rental-purchase agreement is satisfied and replaced by a new consumer rental-purchase agreement undertaken by the same lessor and lessee. A renegotiation is a new lease requiring new disclosures.
2. However, the following events are not renegotiations:
 - a. The addition or return of property in a multi-item agreement or the substitution of the leased property, if in either case the lease payment is not changed by more than twenty-five percent.
 - b. A deferral or extension of one or more lease payments, or portions of a lease payment.
 - c. A reduction in charges in the agreement.
 - d. A lease or agreement involved in a court proceeding.

Sec. 537.3610. Balloon payments prohibited.

A lessee shall not be required, as a condition to acquiring ownership, to make a payment that is more than twice the amount of a regular rental payment, or to pay lease payments totalling more than the cost to acquire ownership as disclosed pursuant to section 537.3605. This section does not apply to payments made pursuant to section 537.3608, 537.3612, or 537.3619.

Sec. 537.3611. Prohibited charges.

A lessor shall not make a charge for any of the following:

1. Any insurance whether in connection with the transaction or otherwise, except that a charge may be made for property insurance on the leased property if the charge is clearly disclosed as optional and all other requirements of section 537.2501, subsection 2, paragraph "a", are met.
2. A penalty for early termination of a consumer rental-purchase agreement or for the return of an item at any point, except for those charges authorized by sections 537.3612 and 537.3613.
3. Payment by a cosigner of the consumer rental-purchase agreement of any fees or charges which could not be imposed upon the lessee as part of the consumer rental-purchase agreement.

Sec. 537.3612. Additional charges.

1. In a consumer rental-purchase agreement, the lessor may contract for and receive an initial nonrefundable administrative fee not to exceed ten dollars. If a security deposit is required by the lessor, the amount and conditions under which it is returned must be disclosed with the disclosures required by sections 537.3605 and 537.3606.
2. In a consumer rental-purchase agreement, the lessor may contract for and receive a delivery charge not to exceed ten dollars or, in the case of a consumer rental-purchase agreement covering more than five items, a delivery charge not to exceed twenty-five dollars. A delivery charge may be assessed only if the lessor actually delivers the items to the lessee's dwelling and the delivery charge is disclosed with the disclosures required by sections 537.3605 and 537.3606. The delivery charge may be assessed in lieu of and not in addition to the initial administrative charge in subsection 1 of this section.

3. In a consumer rental-purchase agreement, a lessor may contract for and receive a charge for picking up payments from the lessee if the lessor is required or requested to visit the lessee's dwelling to pick up a payment. In a consumer rental-purchase agreement with payment or renewal dates which are more frequent than monthly, this charge shall not be assessed more than three times in any three-month period. In consumer rental-purchase agreements with payments or renewal options which are at least monthly, this charge shall not be assessed more than three times in any six-month period. A charge assessed pursuant to this subsection shall not exceed seven dollars. This charge is in lieu of any delinquency charge assessed for the applicable payment period.
4. In a consumer rental-purchase agreement, the parties may contract for late charges or delinquency fees as follows:
 - a. For consumer rental-purchase agreements with monthly renewal dates, a late charge not exceeding five dollars may be assessed on any payment not made within five business days after either payment is due or the return of the property is required.
 - b. For consumer rental-purchase agreements with weekly or biweekly renewal dates, a late charge not exceeding three dollars may be assessed on any payments not made within three business days after either payment is due or the return of the property is required.

A late charge on a consumer rental-purchase agreement may be collected only once on any accrued payment, no matter how long it remains unpaid. A late charge may be collected at the time it accrues or at any time thereafter. A late charge shall not be assessed against a payment that is timely made, even though an earlier late charge has not been paid in full.

Sec. 537.3613. Reinstatement fees.

A reinstatement fee as provided for in section 537.3616 shall not equal more than the outstanding balance of any missed payments and delinquency charges on those missed payments plus an additional reinstatement fee that shall not exceed five dollars.

Sec. 537.3614. Taxes and official fees.

1. If the amount is separately disclosed in the agreement, the lessor may require the lessee to pay all applicable state and county sales, use, and personal property taxes levied as a result of the execution of the consumer rental-purchase agreement, provided that the lessor pays the full amount of these taxes to the appropriate authorities.

2. If the amount is separately disclosed in the agreement, the lessor may contract for and receive from the lessee an amount equal to all official fees required to be paid under the consumer rental-purchase agreement provided that the lessor pay the full amount of these fees to the appropriate authorities.

Sec. 537.3615. Advertising.

1. An advertisement for a consumer rental-purchase agreement shall not state or imply that a specific item is available at specific amounts or terms unless the lessor usually and customarily offers or will offer that item at those amounts or terms.
2. If an advertisement for a consumer rental-purchase agreement refers to or states the amount of any payment, or the right to acquire ownership, for a specific item, the advertisement must also clearly and conspicuously state the following terms as applicable:
 - a. That the transaction advertised is a consumer rental-purchase agreement.
 - b. The total of payments necessary to acquire ownership.
 - c. That the lessee will not own the property until the total amount necessary to acquire ownership is paid in full or by a prepayment as provided by law.
3. Notwithstanding the requirements of subsection 1, if the advertisement is published by way of radio announcement or on a roadside billboard, the lessor need only make the disclosures required by subsection 2, paragraphs "a" and "c".
4. With respect to any matters specifically governed by the advertising provisions of the federal Consumer Protection Act, compliance with that Act satisfies the requirements of this section.
5. This section does not apply to the owner or personnel, as such, of any medium in which an advertisement appears or through which it is disseminated.

Sec. 537.3616. Lessee's reinstatement rights.

1. A lessee who fails to make timely rental payments has the right to reinstate the original consumer rental-purchase agreement without losing any rights or

options previously acquired under the consumer rental-purchase agreement if both of the following apply:

- a. Subsequent to having failed to make a timely rental payment, the lessee has surrendered the property to the lessor, if and when requested by the lessor.
 - b. Not more than sixty days has passed since the lessee has returned the property.
2. As a condition precedent to reinstatement of a consumer rental-purchase agreement, a lessor may charge the outstanding balance of any accrued payments and delinquency charges, a reinstatement fee, and the delivery charges allowable by section 537.3612, subsection 2, if redelivery of the item is necessary.
 3. If reinstatement occurs pursuant to this section, the lessor shall provide the lessee with the same item, if available, leased by the lessee prior to reinstatement. If the same item is not available, a substitute item of comparable worth, quality, and condition may be used. If a substitute item is provided, the lessor shall provide the lessee with all the information required by section 537.3605.

Sec. 537.3617. Unconscionability.

Unconscionability in consumer rental-purchase agreements is governed by section 537.5108.

Sec. 537.3618. Default.

An agreement of the parties to a consumer rental-purchase agreement with respect to default on the part of the lessee is enforceable only to the extent that one of the following apply:

1. The lessee both fails to renew an agreement and also fails to return the rented property or to make arrangements for its return as provided by the agreement.
2. The prospect of payment, performance, or return of the property is materially impaired due to a breach of the consumer rental-purchase agreement; the burden of establishing the prospect of material impairment is on the lessor.

Sec. 537.3619. Cure of default.

1. In a consumer rental-purchase agreement, after a lessee has been in default for three business days and has not voluntarily surrendered possession of the

rented property, a lessor may give the lessee the notice provided in subsection 3 when the consumer has the right to cure a default. A lessor gives the notice to the lessee under this section when the lessor delivers notice to the lessee or mails the notice to the last known address of the lessee.

2. For the purpose of this section, there is no right to cure and no limitation on the lessor's rights with respect to a default that occurs within twelve months after an earlier default as to which a lessor has given a proper notice of the lessee's right to cure.
3. The notice of right to cure must be in writing and conspicuously state all of the following:
 - a. The name, address, and telephone number of the lessor to whom payment is to be made.
 - b. A brief identification of the transaction.
 - c. The lessee's right to cure the default.
 - d. The amount of payment and date by which payment must be made to cure the default. A notice in substantially the following form complies with this subsection:

THE NAME, ADDRESS & TELEPHONE NUMBER OF THE LESSOR

ACCOUNT NUMBER, IF ANY

BRIEF IDENTIFICATION OF TRANSACTION

(_____) is the last date for payment, (_____) is the amount now due. You have failed to renew your rental-purchase agreement(s). If you pay the amount now due (above) by the last date for payment (above), you may continue with the agreement as though you had renewed on time. If you do not pay by that date, we may exercise our rights under the law. If you are late again during the next twelve months of your agreement, in either returning the property or renewing your agreement, we may exercise our rights without sending you another notice like this one. If you have questions, you may write or telephone the lessor promptly.

4. With respect to a consumer rental-purchase agreement, except as provided in subsection 5, after a default consisting of the lessee's failure to renew and

failure to return the property, a lessor, because of that default, may not instigate court action to recover the rented property until five business days after the notice of the lessee's right to cure is given. In the case of an agreement with weekly or biweekly renewal dates, such action shall not be taken until three business days after the notice of the lessee's right to cure is given.

5. With respect to defaults on the same consumer rental-purchase agreement and subject to section 4, after a lessor has once given a proper notice of the lessee's right to cure, this section does not give the consumer a right to cure or impose any additional limitations beyond those otherwise imposed by this part on the lessor's right to proceed against the lessee or the lessor's right to recover the property.
6. Until expiration of the minimum applicable periods contained in subsection 4 after notice is given, the lessee may cure all defaults consisting of failure to renew and failure to return the property by tendering the amount of all unpaid sums due at the time of the tender plus any unpaid delinquency charges or other charges authorized by section 537.3616.
7. This section and the provisions on limitations of agreements do not prohibit a lessee from voluntarily surrendering possession of the rented property, and the lessor from enforcing any past due obligation which the lessee may have at any time after default. However, in an enforcement proceeding, the lessor shall affirmatively plead and prove either that the notice to cure is not required or that the lessor has given the required notice, but the failure to so plead does not invalidate any action taken by the lessor that is lawful and if the lessor has rightfully repossessed any property the repossession is not conversion.
8. A repossession of rented property in violation of this section is void.

Sec. 537.3620. Willful and intentional violations.

A person who willfully and intentionally violates a provision of this part is guilty of a serious misdemeanor.

Sec. 537.3621. Damages.

In case of a violation of a provision of this part with respect to a consumer rental-purchase agreement, or a violation of the Iowa Debt Collection Practices Act, article 7 of this chapter, where a debt arises in connection with a consumer rental-purchase agreement, the lessee in the agreement may recover from the person committing the violation, or may set off or counterclaim in an action by that person, actual damages, with a minimum recovery of three hundred dollars or 25 percent of the total cost to acquire ownership under the consumer

rental-purchase agreement, whichever is greater; attorneys' fees; and court costs.

Sec. 537.3622. Effect of correction.

Notwithstanding sections 537.3620 and 537.3621, a failure to comply with a provision of this part which is due to a bona fide error may be corrected within thirty days after the date of the execution of the consumer rental-purchase agreement by the lessee. If so corrected, neither the lessor nor any holder is subject to penalty under this section if, where appropriate, a new written agreement and disclosures are provided to the lessee and any excess charges are refunded to the lessee.

Sec. 537.3623. Statute of limitations.

An action shall not be brought under this part more than two years after the occurrence of the alleged violation.

Sec. 537.3624. Enforcement.

1. The provisions of this part are subject to the powers and functions of the administrator as provided in article 6 of this chapter and to the debt collection practices as provided in article 7 of this chapter. However, section 537.6113, subsection 2, does not apply to violations of this part.
2. If a court finds in an action brought by the administrator pursuant to section 537.6113 that it is proven that a lessor has intentionally acted in bad faith in its performance under this part, the lessor is subject to a civil penalty of not less than one hundred dollars nor more than one thousand dollars for each violation. However, no more than one penalty may be imposed in any one action against a lessor for repeated violations of the same provision. A civil penalty pursuant to this subsection shall not be imposed for a violation of this part occurring more than two years before the action is brought, or for making unconscionable agreements or engaging in a course of fraudulent or unconscionable conduct.

IOWA REGULATION

Consumer Rental Purchase Agreement Forms

61-19. (537) Agreement forms.

Pursuant to Iowa Code section 537.6117 and 1987 Iowa Acts, House File 585, sections 5 and 6, the administrator of the consumer credit code finds that consumer rental purchase agreements must be substantially in the form of the model agreement contained in this rule.

The "Rental Purchase Disclosures" numbered 1 to 5 and the "Notice to Lessee" must appear on the face of the agreement. The heading or caption of each of the disclosures numbered 1, 4 and 5 must be in at least uppercase 10-point type. The headings for disclosures 2 and 3 (Cash Price and Total of Scheduled Payments) must be 10-point uppercase boldface type. All other material must be in at least 8-point type except for the "Notice to Lessee" which must be in at least 10-point uppercase boldface type.

Additional terms of the consumer rental purchase agreement should be printed on a separate page; however, printing the additional terms of agreement on a separate page may be satisfied by printing these terms on the rear of a one-page agreement. Any agreement which is printed on a single one-sided page must not alter any of the order, sequence, placement, initialing or type size requirements of this rule or of the Act.

All additional charges listed under "Terms of the Agreement" are made at the lessor's option, therefore, they must be included in the agreement only to the extent they are applicable. Only those additional charges actually disclosed in the agreement may be assessed. Lessors may determine the actual amounts to be disclosed and assessed for applicable additional charges so long as the statutory maximums for each charge are not exceeded. In addition, certain charges, one of which is in lieu of the other, shall not both be assessed; (a) if a late payment fee is assessed for a particular late payment, a "payment pickup charge" may not also be assessed for the payment, and (b) if an administrative fee is assessed on the agreement, a delivery fee may not also be assessed on the agreement. A lessor's form may include additional "Terms of Agreement" not included in the model form, provided that all such terms comply with the consumer rental purchase agreement Act and any other applicable state or federal laws, and provided that they do not detract from or contradict the required disclosures and terms of the agreement. All terms must be written in clear, plain language. All items appearing under "Terms of Agreement" must be in at least 8-point type with the title of each term appearing in bold-face uppercase 10-point type.

Lessors using the following model form shall be deemed to be in compliance with 1987 Iowa Acts, House File 585, sections 5 and 6.

IOWA CONSUMER RENTAL-PURCHASE AGREEMENT

DATE: _____ Agreement No. _____

Name of Lessee(s) _____ Name of Lessor _____

Address _____ Address _____

RENTAL-PURCHASE DISCLOSURES

The following disclosures are required by the Iowa Rental-Purchase Act to help you understand the terms of your rental-purchase agreement.

1. *DESCRIPTION OF LEASED PROPERTY*

<i>ITEM</i>	<i>QTY</i>	<i>MODEL#</i>	<i>SERIAL#</i>	<i>YEAR</i>	<i>NEW</i>
<i>USED</i>					(check

one)

2. *CASH PRICE*.....Lessee Initial ___ \$ _____
This is the price at which we would sell the leased property listed above to buyer on the date of this agreement.

3. *TOTAL OF SCHEDULED PAYMENTS*.....Lessee Initial ___ \$ _____

The total of scheduled payments means the total dollar amount of leased payments you will have to make to own the property. This total does *NOT* include *ADDITIONAL CHARGES* which might be made during the agreement such as: *LATE PAYMENT CHARGES, REINSTATEMENT FEES, OPTIONAL PAYMENT PICKUP CHARGES.* See the remainder of the contract for an explanation of these charges.

If you rent monthly, you will make _____ monthly payments of \$ _____ per month.

If you rent weekly, you will make _____ weekly payments of \$ _____ per week.

Payments will begin on the _____ day of _____, 19____ and each renewal will be done on the _____ of each _____.

4. *INITIAL PAYMENTS*
A. Administrative fee [if applicable]..... \$ _____
B. Delivery charge [if applicable]..... \$ _____

C. Security Deposit [if applicable].....\$ _____

Deposits will be returned under these conditions:

D. Taxes or Official Fees Itemized).....\$ _____

- 5. *OWNERSHIP AND LIABILITY FOR DAMAGE OR LOSS:* You will *not own* the property until you have made all of the payments above (unless you choose to "buy-out" early as explained below). IF the property is lost, stolen, damaged or destroyed, you will be responsible for the fair market value of the property at the time of the loss or damage.

NOTICE TO LESSEE - READ BEFORE SIGNING

- 1. *DO NOT SIGN THIS AGREEMENT BEFORE YOU READ THE ENTIRE AGREEMENT INCLUDING ANY WRITING ON THE REVERSE SIDE OR ON ADDITIONAL PAGES, EVEN IF OTHERWISE ADVISED.*
- 2. *DO NOT SIGN THIS IF IT HAS ANY BLANK SPACES.*
- 3. *YOU ARE ENTITLED TO AN EXACT COPY OF ANY AGREEMENT YOU SIGN.*
- 4. *ANYTIME AFTER YOU HAVE MADE YOUR FIRST WEEKLY/MONTHLY PAYMENT YOU HAVE THE RIGHT TO EXERCISE AN "EARLY BUY-OUT" OPTION AS PROVIDED IN THIS AGREEMENT. IF YOU CHOOSE THE EARLY BUY-OUT THIS OPTION MAY RESULT IN A REDUCTION OF YOUR TOTAL COST TO ACQUIRE OWNERSHIP. IF YOU BUY-OUT EARLY YOU WILL PAY: ("TOTAL OF SCHEDULED PAYMENTS") minus (AMOUNT YOU HAVE PAID ALREADY) multiplied by _____% [creditors insert their own formula which must use a multiplier of 55% or less] (equals) = Early buy out option price.*
- 5. *IF YOU CHOOSE TO MAKE WEEKLY RATHER THAN MONTHLY PAYMENTS AND YOU USE YOUR EARLY BUY-OUT OPTION, YOU MAY PAY MORE FOR THE LEASED PROPERTY.*

LESSEE: (Sign) _____

LESSOR: (Sign)

LESSEE: (Sign) _____

LESSOR:

(Sign) _____

TERMS OF AGREEMENT

1. **ADDITIONAL CHARGES:** [Charges referred to below are maximums. Lessors may insert a different amount if it is *less* than the maximums. Lessors need to print only those charges and terms which apply to their agreement].

LATE PAYMENT CHARGES: A [up to \$5.00] charge for monthly payments not made within five (5) business days of the date the payment is due, or [up to \$3.00] charge for weekly payments not made within three (3) business days of the date when payment is due. This charge may only be made when no "payment pickup charge" has been made.

REINSTATEMENT FEES: A [up to \$5.00] fee for the right to reinstate the Agreement after failing to make a timely rental payment and if the conditions governing reinstatement are met.

DELIVERY FEES: A \$10.00 fee for up to five (5) items and \$25.00 for delivery of more than five (5) items.

ADMINISTRATIVE FEES: An initial fee of [up to \$10.00] to cover administrative costs of the Agreement. [But *ONLY* if there is no delivery charge.]

OPTIONAL IN HOME PICK UP OF RENTAL PAYMENTS: For a charge of [\$7.00 maximum] per payment, we can pick up the payment at your home. In no event will this charge be assessed in excess of three (3) times in any three (3) month period if the agreement is weekly or three (3) times in any six (6) month period if the agreement is monthly.

OPTIONAL PROPERTY INSURANCE: You do *not* have to carry insurance on the property. If you want the property insurance to cover the property you may buy it from us or from someone else.

2. **YOUR REINSTATEMENT RIGHT:** If you fail to make a renewal rental payment you may have the right to reinstate this agreement by paying all rental payments past due, all applicable late charges, reinstatement fees and redelivery fees provided: 1) you voluntarily returned the property to us, if requested and 2) not more than sixty (60) days have passed since you have returned the property.

3. **YOUR TERMINATION RIGHT:** You may terminate this agreement at any time without paying any charges other than those previously due. The property must be returned in its present condition, fair wear and tear excepted.

4. **OUR TERMINATION RIGHT:** We may terminate this agreement for a default in payment or breach of any other material term of this Agreement. If *termination* occurs we shall be entitled to all rental payments and other charges due up to the date of termination as well as the reasonable expenses of repossession of the property if you fail to surrender the

property to us.

apro/statutes/iowa-reg.