

LOUISIANA

Title 9, Ch. 3--Rental-Purchase Agreements

Louisiana Revised Statutes, 1950, Civil Code, as amended.

As added by Laws 1991, Act 204, approved July 2, 1991, effective January 1, 1992.

Sec. 9:3351. Short title.

This Chapter shall be known as and may be cited as the Louisiana Rental-Purchase Agreement Act.

Sec. 9:3352. Definitions.

As used in this Chapter:

- (1) "Advertisement" means a commercial message in any medium that aids, promotes, or assists, directly or indirectly, a rental-purchase agreement.
- (2) "Cash price" means the price at which the lessor would have sold the property to the consumer for cash on the date of the rental-purchase agreement.
- (3) "Consumer" means a natural person who rents personal property under a rental-purchase agreement to be used primarily for personal, family, or household purposes.
- (4) "Consummation" means the time when a consumer becomes contractually obligated on a rental-purchase agreement.
- (5) "Lessor" means a person who regularly provides the use of property through rental-purchase agreements and to whom rental payments are initially payable on the face of the rental-purchase agreement.
- (6) "Rental-purchase agreement" means an agreement for the use of personal property by a natural person primarily for personal, family, or household purposes for an initial period of four months or less, that is automatically renewable with each payment after the initial period, but that does not obligate or require the consumer to continue renting or using the property beyond the initial period, and that permits the consumer to become the owner of the property.

Sec. 9:3353. Inapplicability of other laws--Exempted transactions.

- A. Rental-purchase agreements which comply with this Chapter shall not be governed by the laws relating to the following:
- (1) A consumer credit sale as defined in R.S. 9:3516(12) of the Louisiana Consumer Credit Law.
 - (2) A consumer credit transaction as defined in R.S. 9:3516(13) of the Louisiana Consumer Credit Law.
 - (3) A consumer loan as defined in R.S. 9:3516(14) of the Louisiana Consumer Credit Law.
 - (4) A consumer lease as defined in R.S. 9:3306(9) of the Louisiana Lease of Movables Act.
 - (5) A financed lease as defined in R.S. 9:3306(12) of the Louisiana Lease of Movables Act.
 - (6) A true lease as defined in R.S. 9:3305(26) of the Louisiana Lease of Movables Act.
 - (7) A conditional sale as defined in R.S. 9:3306(7) of the Louisiana Lease of Movables Act.
 - (8) A lease intended for security as defined in R.S. 10:1-201(37) of the Louisiana Commercial Laws.
- B. This chapter shall not apply to the following:
- (1) Rental-purchase agreements primarily for business, commercial, or agricultural purposes, or those made with governmental agencies or instrumentalities, or with organizations.
 - (2) A lease of a safe deposit box.
 - (3) A lease or bailment of personal property which is incidental to the lease of real property, and which provides that the consumer has no option to purchase the rented property.
 - (4) A lease of an automobile, van, or truck of less than one ton.

Sec. 9:3354. General requirements of disclosure.

- A. The lessor shall disclose to the consumer the information required by this Chapter. In a transaction involving more than one lessor, only one lessor shall make the disclosures, but all lessors shall be bound by such disclosures.
- B. The disclosures shall be made at or before consummation of the rental-purchase agreement.
- C. The disclosures shall be made clearly and conspicuously in writing, and a copy of the rental-purchase agreement shall be provided to the consumer. The disclosures required under R.S. 9:3355 shall be made on the face of the contract above the line for the signature of the consumer.
- D. If a disclosure becomes inaccurate as the result of any act, occurrence, or agreement by the consumer after delivery of the required disclosures, the resulting inaccuracy shall not be a violation of this Chapter.

Sec. 9:3355. Disclosures.

For each rental-purchase agreement, the lessor shall disclose in the agreement the following items, as applicable:

- (1) The total number, total amount, and timing of all payments necessary to acquire ownership of the property.
- (2) A statement that the consumer will not own the property until the consumer has made the total amount of payments necessary to acquire ownership.
- (3) A statement that the consumer is responsible for the fair market value of the property if and as of the time that it is lost, stolen, damaged, or destroyed.
- (4) A brief description of the rental property, sufficient to identify the property to the consumer and the lessor, including an identification number, if applicable, and a statement indicating whether the property is new or previously rented. However, a statement that indicates new property is previously rented shall not be a violation of this Chapter.
- (5) A statement of the cash price of the property. When the agreement involves two or more items as a set, in one agreement, a statement of the aggregate cash price of all items shall satisfy this requirements.
- (6) The total of initial payments paid or required at or before consummation of the agreement or delivery of the property, whichever is later.

- (7) A statement that the total of payments does not include other charges, such as late payments, default, pickup, and reinstatement fees, which charges shall be separately disclosed in the contract.
- (8) A statement clearly summarizing the terms of the option of the consumer to purchase, including a statement that the consumer has the right to exercise an early purchase option, and the price, formula, or method of determining the price at which the property may be so purchased.
- (9) A statement identifying the party responsible for maintaining or servicing the property while it is being rented, together with a description of that responsibility, and a statement that if any part of an express warranty of a manufacturer covers the rented property at the time that the consumer acquires ownership of the property, it shall be transferred to the consumer, if allowed by the terms of the warranty.
- (10) The date of the transaction and the identities of the lessor and consumer.
- (11) A statement that the consumer may terminate the agreement without penalty by voluntarily surrendering or returning the property in good repair upon expiration of any rental term along with any past due rental payments.
- (12) Notice of the right to reinstate an agreement as provided in R.S. 9:3357.

Sec. 9:3356. Prohibited practices.

A rental-purchase agreement shall not contain any of the following:

- (1) A confession of judgment.
- (2) A negotiable instrument.
- (3) A security interest or any other claim of a property interest in any goods except those goods delivered by the lessor pursuant to the rental-purchase agreement.
- (4) A wage assignment.
- (5) A waiver by the consumer of claims or defenses.
- (6) A provision authorizing the lessor or a person acting on behalf of the lessor to enter upon the premises of the consumer without contemporaneous permission by the consumer, or to commit any breach of the peace in repossession of goods.

- (7) A provision requiring the purchase of insurance or waiver of liability from the lessor for damage to or destruction or loss of the property; however, the lessor may offer to the consumer any such insurance or waiver of liability if it is clearly disclosed to be optional. Nothing in this Chapter shall be construed to prohibit the lessor from requiring the consumer to provide proof of insurance or other similar property protection for the property.

Sec. 9:3357. Reinstatement.

- A. A consumer who fails to make a timely rental payment may reinstate the agreement, within five days of the renewal date if the consumer pays monthly, or within two days of the renewal date if the consumer pays more frequently than monthly, without losing any rights or options which exist under the agreement, by the payment of all of the following:
 - (1) All past due rental charges.
 - (2) If the property has been picked up, the reasonable costs of pickup or redelivery.
 - (3) Any applicable late fee.
- B. In the case of consumer who has paid less than two-thirds of the total of payments necessary to acquire ownership and when the consumer has returned or voluntarily surrendered the property, other than through judicial process, during the applicable reinstatement period set forth in Subsection A of this Section, the consumer may reinstate the agreement during a period of not less than twenty-one days after the date of the return of the property.
- C. In the case of a consumer who has paid two-thirds or more of the total payments necessary to acquire ownership and when the consumer has returned or voluntarily surrendered the property, other than through judicial process, during the applicable reinstatement period set forth in Subsection A of this Section, the consumer may reinstate the agreement during a period of not less than forty-five days after the date of the return of the property.
- D. Nothing in this Section shall prevent a lessor from attempting to repossess property during the reinstatement period, but such a repossession shall not affect the right of the consumer to reinstatement. Upon reinstatement, the lessor shall provide the consumer with the same property or substitute property of comparable quality and condition.

Sec. 9:3358. Receipts and accounts.

A lessor shall provide the consumer a written receipt for each payment made by cash or money order.

Sec. 9:3358. Renegotiations and extensions.

- A. A renegotiation shall occur when an existing rental-purchase agreement is satisfied and replaced by a new agreement undertaken by the same lessor and consumer. A renegotiation shall be considered a new agreement requiring new disclosures. However, events such as the following shall not be treated as renegotiations:
- (1) The addition or return of property in a multiple-item agreement or the substitution of the rented property, if in either case the average payment allocable to a payment period is not changed by more than twenty-five percent.
 - (2) A deferral or extension of one or more periodic payments, or portions of a periodic payment.
 - (3) A reduction in charges in the rental-purchase agreement.
 - (4) A rental-purchase agreement involved in a court proceeding.
- B. No disclosures shall be required for any extension of a rental-purchase agreement.

Sec. 9:3360. Advertising.

- A. If an advertisement for a rental-purchase agreement refers to or states the dollar amount of any payment and the right to acquire ownership for any one specific item, the advertisement shall also clearly and conspicuously state the following items, as applicable:
- (1) That the transaction advertised is a rental-purchase agreement.
 - (2) The total amount of payments necessary to acquire ownership.
 - (3) That the consumer acquires no ownership rights if the total amount necessary to acquire ownership is not paid.
- B. Any owner or personnel of any medium in which an advertisement appears or through which it is disseminated shall not be liable under this Section.

- C. The provisions of Subsection A of this Section shall not apply to an advertisement which does not refer to or state the amount of any payment, an advertisement on radio, or an advertisement which is published in the yellow pages of the telephone directory or in any similar directory of business.

Sec. 9:3361. Enforcement--Penalties.

Any Violation of this Chapter shall constitute a prohibited practice under the Unfair Trade Practices and Consumer Protection Act, R.S. 51:1401 et seq., and shall be subject to the enforcement provisions of that Act.

Sec. 9:3362. Taxes.

Rental-purchase agreements, as defined by this Act, shall be deemed to be sales for state and local tax purposes only. The tax due on such transactions shall be payable in equal monthly installments over the entire term of the rental-purchase agreement, rather than at the inception of the agreement.

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