

## RHODE ISLAND

### Rental-Purchase Agreement Act

*General Laws of Rhode Island, 1966, as amended.*

*Added by laws 1989, Ch. 89-481, approved July 10, 1989, effective January 1, 1990*

#### **Sec. 6-44-1. Short title.**

This chapter shall be known as "The Rhode Island Rental-Purchase Agreement Act."

#### **Sec. 6-44-2. Definitions.** For the purposes of this chapter:

- (a)"Lessee" shall mean an individual who leases personal property under a rental-purchase agreement.
- (b)"Property" shall mean the personal property that is the subject of a rental-purchase agreement.
- (c)"Lessor" shall mean a person who in the ordinary course of business, regularly leases, offers to lease, or acts as an agent for the leasing of property under a rental-purchase agreement.
- (d)"Rental-purchase agreement" shall mean an agreement for the use of property by a lessee for personal, family or household purposes, for an initial period of four (4) months or less, that is automatically renewable with each payment after the initial period and that permits, but does not obligate, the lessee to become the owner of the property.
- (e)An agreement that complies with this chapter shall not be construed as, nor be governed by, the laws relating to:
  - (1)"Credit" as defined in Rhode Island general laws section 6-27-3-(2);
  - (2)A "home solicitation sale" as defined in Rhode Island general laws section 6-28-2; or
  - (3)A "security interest" as defined in Rhode Island general laws section 6A-1-201(37).

#### **Sec. 6-44-3. General requirements of disclosure.**

Each lessor shall give to the lessee, prior to the execution of the lease, a dated written statement on which the lessor and lessee are identified, setting out accurately and in a clear and conspicuous manner the following information with respect to such lease, as applicable:

- (a)A brief description or identification of the leased property, including whether the property is new or used;

- (b)The amount of any payment required by the lessee at or before the execution of the lease;
- (c)The amount paid or payable by the lessee for fees or taxes;
- (d)The amount and description of other charges payable by the lessee and not included in the periodic payments;
- (e)A statement of the amount or method of determining the amount of any liabilities the lease imposes upon the lessee at the end of the term of the lease, whether or not the lessee has the option to purchase the leased property and the price at which the leased property may be purchased at the end of the lease and the method of determining the early purchase option price at any point in time;
- (f)A statement identifying all express warranties and guarantees made by the manufacturer or lessor with respect to the leased property and identifying the party responsible for maintaining or servicing the leased property together with a description of the responsibility;
- (g)A brief description of insurance provided or paid for by the lessor or required of the lessee, including the types and amount of the coverages and costs;
- (h)The number, amount and due dates or periods of payments under the lease and the total amount of such periodic payments; and
- (i)A statement of the conditions under which the lessee or lessor may terminate the lease prior to the end of the term or that no such right to terminate exists and the amount or method of determining the amount of any penalty or other charges for delinquency, default, late payments or early termination.

The disclosures required under this section may be made in the lease contract to be signed by the lessee or may be made in a separate written document which shall be attached the lease contract. Any of the information required to be disclosed under this section may be given in the form of estimates where the lessor is not in a position to know the exact information.

**Sec. 6-44-4. Prohibited provisions.**

A rental-purchase agreement may not contain a provision:

- (a)Requiring a confession of judgment;
- (b)Authorizing a lessor or an agent for the lessor to commit a breach of the peace in the repossession of property; or
- (c)Waiving a defense counterclaim or right the lessee may have against the lessor or an agent of the lessor.

**Sec. 6-44-5. Reinstatement.**

- (a) A lessee who fails to make timely lease payments has the right to reinstate the original rental-purchase agreement without losing any rights or options previously acquired under the rental-purchase agreement within three (3) lease terms after the expiration of the last lease term for which the lessee made a timely payment if the lessee surrenders the leased property to the lessor when the lessor or its agent requests him to surrender the leased property.
- (b) Before reinstating a rental-purchase agreement a lessor may require a lessee to pay any unpaid lease payments, delinquency charges, a reasonable reinstatement fee of not more than five dollars (\$5.00) and a delivery charge if redelivery of the leased property is necessary.
- (c) If reinstatement occurs pursuant to this section, the lessor shall provide the lessee with either the same property leased by the lessee prior to reinstatement or substitute property that is of comparable quality and condition. If substitute property is provided, the lessor shall provide the lessee with all of the disclosures required by section 6-44-3 of this chapter.

**Sec. 6-44-6. Early purchase option.**

A rental-purchase agreement must provide that, at any time after the initial payment, the lessee may acquire ownership of the property by complying with the terms of an early purchase option which must be clearly set forth in the rental-purchase agreement.

**Sec. 6-44-7. Exempted transactions.**

This chapter does not apply to:

- (a) Agreements for the rental of property in which the person who rents the property has no legal right to become the owner of the property at the end of the rental period; or
- (b) A lease of a safe deposit box; or
- (c) Commercial leases or leases entered into by an organization; or
- (d) Any telecommunication equipment leases or rental agreements; or
- (e) Any automobile, truck or any other vehicular and automotive equipment leases or rental agreement.

**Sec. 6-44-8. Advertisements.**

(a) If an advertisement for a rental-purchase agreement states the amount of any payment or states that any or no initial payment is required, the advertisement shall also clearly and conspicuously state the following items, as applicable:

(1) That the transaction advertised is a lease;

(2) The total of initial payments required at or before execution of the lease or delivery of the property, whichever is later;

(3) That a security deposit is required, if applicable;

(4) The number, amounts and timing of scheduled payments; and

(5) For a lease in which the liability of the lessee at the end of the lease term is based on the anticipated residual value of the property, that an extra charge may be imposed at the end of the lease term.

(b) If an advertisement for a consumer lease refers to or states the amount of any payment and that the lessee has the right to acquire ownership of any particular item, the advertisement shall further clearly and conspicuously state the following items, as applicable:

(1) The total of payments necessary to acquire ownership, if ownership is acquired through the accumulation of periodic payments, the price at which the leased property may be purchased at the end of the lease and the method of determining the purchase price at any point in time if acquired through the exercise of the early purchase option; and

(2) That the consumer lessee acquires no ownership right if the total amount necessary to acquire ownership is not paid or the option to purchase is not exercised by payment of the purchase price.

(c) Any owner or the agents or employees of any owner of any medium in which an advertisement appears or through which it is disseminated shall not be liable under this section.

#### **Sec. 6-44-9. Enforcement.**

(a) A lessee who has suffered a loss due to a violation of this chapter by a lessee is entitled to recover from the lessor actual damages, reasonable attorney's fees and court costs.

(b) A lessor shall not be held liable in any action brought under this section if he shows by a preponderance of the evidence that the violation was not intentional and resulted from a bona fide error, notwithstanding the maintenance of procedures reasonably adopted to avoid any such error. A bona fide error shall include, but shall not be limited to, clerical, calculation, computer malfunction and programming and printing errors; provided, however, that an error of legal judgment with respect to a person's obligation under this chapter shall not be a bona fide

error.

- (c) A lessor shall not be deemed liable under this chapter for a violation of the provisions of section 6-44-3 of this chapter, if within sixty (60) days after discovering the error and before an action is filed in accordance with the provisions of this section or written notice of the error is received from the consumer, the lessor notifies the consumer of the error and makes whatever adjustment in the account necessary to assure that the consumer shall not be required to pay an amount in excess of the amount in excess of the amounts actually disclosed. This provision shall apply whether the discovery of the error was made through the lessor's own procedures or otherwise.
- (d) An action shall not be brought under this chapter more than one (1) year after the occurrence of the act, method or practice which is the subject of the action or more than one (1) year after the last payment in a transaction involving the method, act or practice which is the subject of the action, whichever is later.

**Sec. 6-44-10. Severability.**

The provisions of this chapter shall be severable, and if any clause, sentence, paragraph, subdivision, section or part of this chapter shall be adjudged by any court of competent jurisdiction to be invalid, such judgment shall not affect, impair, or invalidate the remainder thereof but shall be confined in its operation to the clause, sentence, paragraph, subdivision, section or part thereof directly involved in the controversy in which such judgment shall have been rendered.

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