

KANSAS

Lease-Purchase Agreements

Kansas Statutes Annotated, as amended.

As added by Laws 1991, Ch. 71, approved May 9, 1991, effective July 1, 1991

Sec. 50-680. Title of Act.

This act shall be known and may be cited as the Kansas consumer lease-purchase agreement act.

Sec. 50-681. Definitions.

As used in this act:

- (1) "Advertisement" means a commercial message in any medium that aids, promotes, or assists, directly or indirectly, a lease-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 lease-purchase agreement;
- (3) "Consumer" means a natural person who rents property under a lease-purchase agreement to be used primarily for personal, family or household purposes;
- (4) "Consummation" means the time a consumer becomes contractually obligated on a lease-purchase agreement;
- (5) "Lessor" means a person who regularly provides the use of property through lease-purchase agreements and to whom lease payments are initially payable on the face of the lease-purchase agreement; and
- (6) "Lease-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 does not obligate or require the consumer to continue leasing or using the property beyond the initial period, and that permits the consumer to become the owner of the property.

Sec. 50-682. Lease-purchase agreements--Scope--Applicability of other laws.

- (a) Lease-purchase agreements which comply with this act are not governed by the laws relating to:
 - (1) Door-to-door sales as defined in K.S.A. 50-640 and amendments thereto;
 - (2) A consumer credit transaction as defined in K.S.A. 16a-1-301 and amendments thereto;
 - (3) A security interest as defined in K.S.A. 84-1-201 and amendments thereto; or
 - (4) An instrument as defined in K.S.A. 16-207 and amendments thereto.

- (b) This act does not apply to the following:
 - (1) Lease-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 leased property; or
 - (4) A lease of an automobile.

Sec. 50-683. Required disclosures by lessor, when and how.

- (a) The lessor shall disclose to the consumer the information required by this act. In a transaction involving more than one lessor, only one lessor need make the disclosures, but all lessors shall be bound by such disclosures.

- (b) The disclosures shall be made at or before consummation of the lease-purchase agreement.

- (c) The disclosures shall be made clearly and conspicuously in writing and a copy of the lease-purchase agreement provided to the consumer. The disclosures required under subsection (a) of section 5 shall be made on the face of the contract above the line for the consumer's signature.

- (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 is

not a violation of this act.

Sec. 50-684. Required disclosures in agreement.

- (a) For each lease-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 payment 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, it is lost, stolen, damaged or destroyed;
 - (4) A brief description of the leased 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 used, but a statement that indicates new property is used is not a violation of this act;
 - (5) A brief description of any damages to the leased property;
 - (6) A statement of the cash price of the property. Where the agreement involves a lease of five or more items as a set, in one agreement, a statement of the aggregate cash price of all items shall satisfy this requirement;
 - (7) The total of initial payments paid or required at or before consummation of the agreement or delivery of the property, whichever is later;
 - (8) A statement that the total of payments does not include other charges, such as late payment, default, pickup or reinstatement fees, which fees shall be separately disclosed in the contract;
 - (9) A statement clearly summarizing the terms of the consumer's option to purchase, including a statement that the consumer has the right to exercise an early purchase option and the price, formula or method for determining the price at which the property may be so purchased;
 - (10) A statement identifying the party responsible for maintaining or servicing the property while it is being leased, together with a description of that responsibility, and a statement that if any part of a manufacturer's express warranty covers the leased property at the time the consumer acquires

ownership of the property, it shall be transferred to the consumer, if allowed by the terms of the warranty;

- (11) The date of the transaction and the identities of the lessor and consumer;
 - (12) 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 lease term along with any past due rental payments; and
 - (13) Notice of the right to reinstate an agreement as herein provided.
- (b) With respect to matters specifically governed by the federal consumer credit protection act, compliance with such act satisfies the requirements of this section.

Sec. 50-685. Inapplicable provisions.

A lease-purchase agreement may not contain:

- (1) A confession of judgment;
- (2) A negotiable instrument;
- (3) A security interest or any other claim of a property interest in any goods except those goods delivered by the lessor pursuant to the lease-purchase agreement;
- (4) A wage assignment;
- (5) A waiver by the consumer of claims or defenses; or
- (6) A provision authorizing the lessor or a person acting on the lessor's behalf to enter upon the consumer's premises or to commit any breach of the peace in the repossession of goods.

Sec. 50-686. Consumer's right to reinstate agreements.

- (a) A consumer who fails to make a timely rental payment may reinstate the agreement, without losing any rights or options which exist under the agreement, by the payment, 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, of:
- (1) All past due rental charges;
 - (2) If the property has been picked up, the reasonable costs of pickup and

redelivery; and

- (3) Any applicable late fees.
- (b) In the case of a consumer who has paid less than 2/3 of the total payments necessary to acquire ownership and where 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 21 days after the date of the return of the property.
- (c) In the case of a consumer who has paid 2/3 or more of the total of payments necessary to acquire ownership, and where the consumer has returned or voluntarily surrendered the property, other than through judicial process, during the applicable period set forth in subsection (a) of this section, the consumer may reinstate the agreement during a period of not less than 45 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 consumer's right to reinstate. Upon reinstatement, the lessor shall provide the consumer with the same property or substitute property of comparable quality and condition.

Sec. 50-687. Written receipt required.

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

Sec. 50-688. Renegotiations.

- (a) A renegotiation shall occur when an existing lease-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 lease property, if in either case the average payment allocable to a payment period is not changed by more than 25%;
 - (2) A deferral or extension of one or more periodic payments, or portions of a periodic payment;

- (3) A reduction in charges in the lease or agreement; and
 - (4) A lease or agreement involved in a court proceeding.
- (b) No disclosures are required for any extension of a lease-purchase agreement.

Sec. 50-689. Advertisements.

- (a) If an advertisement for a lease-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 lease-purchase agreement;
 - (2) The total of payments necessary to acquire ownership; and
 - (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 provision of subsection (a) of this section shall not apply to an advertisement which does not refer to or state the amount of any payment, or which is published in the yellow pages of a telephone directory or in any similar directory of business.

Sec. 50-690. Violations of act.

Any violation of this act shall constitute a prohibited practice under the provisions of the Kansas consumer protection act and shall be subject to any and all of the enforcement provisions of the Kansas consumer protection act.