
CONNECTICUT

Consumer Rent-to-Own Agreements

CT Gen Stat § 42-240 et seq.

Section 42-240. - Definitions.

As used in sections 42-240 to 42-253, inclusive:

- (1) “Advertisement” means any oral, written or graphic statement or representation made in connection with the solicitation of business in any manner by a lessor and includes, but is not limited to, statements and representations made in any newspaper or other publication, or on radio or television or printed in any catalog, circular or any other sales literature or brochure.
- (2) “Cash price” means the price at which a lessor in the ordinary course of business would in good faith offer the property that is the subject of a rent-to-own agreement to the lessee for cash on the date of the rent-to-own agreement.
- (3) “Consummation” means the time a lessee becomes contractually obligated on a consumer rent-to-own agreement.
- (4) “Rent-to-own agreement” means an agreement for the use of personal property by an individual primarily for personal, family or household purposes, 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 consumer to become the owner of the property. Any rent-to-own agreement which complies with sections 42-240 to 42-253, inclusive, shall not be construed to be, or be governed by the laws of this state regulating, any of the following:
 - (A) A retail installment contract, as defined in section 36a-770;
 - (B) A security interest, as defined in subdivision (35) of subsection (b) of section 42a-1-201.
- (5) “Lessee” means a natural person who rents personal property under a consumer rent-to-own agreement.
- (6) “Lessor” means a person who regularly provides the use of property through consumer rent-to-own agreements and to whom the obligation is initially payable on its face.
- (7) “Personal property” means any property that is not real property under the laws of the state where it is located when it is made available for a consumer rent-to-own agreement.

Section 42-241. - Written agreement. Information which must be disclosed.

- (a) A rent-to-own agreement shall be a written statement and shall include the following

information in the following order:

- (1) A brief description of the rented property, sufficient to identify the property to the lessee and lessor. If the agreement is for multiple items, a description of each item may be provided in a separate statement which is incorporated by reference in the primary disclosure statement;
- (2) Whether the property is new or used;
- (3) The total amount of any initial payment, including any advance payment, delivery charge or any trade-in allowance, to be paid by the lessee at or before consummation of the rent-to-own agreement;
- (4) The amount and timing of renewal payments;
- (5) The cash price of the rented property at the time of consummation. If the rent-to-own agreement is for two or more items, then the aggregate cash price for all items shall satisfy this requirement;
- (6) The total number of payments and the total amount of such payments necessary to acquire ownership, to be denominated “rent-to-own price”;
- (7) The difference between the cash price and the rent-to-own price;
- (8) A statement that the lessee has the option to purchase the rented property during the term of the rent-to-own agreement by the formula for early purchase set forth in section 42-249;
- (9) The lessee's right to reinstate a terminated rent-to-own agreement and the amount, or method of determining the amount, of any penalties or other charges for reinstatement as established in section 42-246;
- (10) The amount of all other charges, individually itemized, payable by the lessee to the lessor, which are not included in the renewal payments;
- (11) A statement indicating which party shall be liable for loss, damage in excess of normal wear and tear or destruction of the rented property;
- (12) A statement that the lessor is responsible for maintaining or servicing the rented property, together with a brief description of this responsibility;
- (13) A statement of the conditions under which the lessee or lessor may terminate the agreement;
- (14) A statement that, if any part of a manufacturer's warranty continues to cover the rented property at the time the lessee assumes ownership of the property, it will be passed on to the lessee if allowed by the terms of the warranty;
- (15) A statement that the rent-to-own agreement may be cancelled by the lessee without penalty at any time;

(16) If the rent-to-own agreement is sold as a negotiable instrument, a statement that any holder of the rent-to-own agreement shall be subject to all claims and defenses which the lessee could assert against the lessor.

(b) All information required by this section shall be stated in a clear and coherent manner, using words and phrases of common meaning, and all rent-to-own agreements shall comply with sections 42-151 to 42-158, inclusive. A rent-to-own agreement shall be dated and in writing. The printed portion of the agreement shall be in at least eight-point type. The cash price, rent-to-own price, and the difference between the two amounts shall be in at least ten-point, boldface type. The information shall be appropriately divided and captioned by its sections. All numerical amounts and percentages shall be stated in figures. The information shall be disclosed by the lessor to the lessee prior to the signing of the agreement by the lessee. All the information required by this section shall be provided directly on the agreement or instrument or on a separate form.

(c) In a consumer rent-to-own agreement, the lessor shall make the disclosures required by this section in the manner required by subsection (b) of this section before consummation of the rent-to-own agreement.

(d) At the lessor's option, information in addition to that required by this section may be disclosed if the additional information is not stated, utilized or placed in a manner which will contradict, obscure or distract attention from the required information.

Section 42-242. - Prohibited provisions.

(a) A rent-to-own agreement shall not contain a provision requiring:

(1) A garnishment of wages, a power of attorney to confess a judgment or an assignment of wages;

(2) Authorization to the lessor or a person acting on the lessor's behalf to unlawfully enter upon the lessee's premises or to commit any breach of the peace in attempting to repossess the rented property;

(3) The lessee to waive any defense, counterclaim or right of action against the lessor or a person acting on the lessor's behalf as the lessor's agent;

(4) The lessee to agree not to assert against a lessor or against an assignee of the lessor a claim or defense arising out of the agreement.

(b) A lessor may not require a lessee to authorize the lessor or a person acting on the lessor's behalf to unlawfully enter upon the lessee's premises or to commit any breach of the peace in attempting to repossess the rented property.

Section 42-243. - Lessor prohibited from imposing certain charges upon lessee. Permitted charges.

A lessor shall not charge a lessee for:

- (1) Any insurance whether in connection with the transaction or otherwise, except that a charge may be made for property insurance for the rented property if the charge is clearly disclosed as optional and does not exceed five per cent of the rental renewal payment;
- (2) In-home collection of a payment unless the lessee has expressly agreed to the fee and the amount of the fee is disclosed. This fee may not exceed five dollars, may not be assessed until after the expiration of the grace periods described in subdivision (3) of this section, may not be assessed more than three times in any six-month period, and may be charged in lieu of, but not in addition to, any allowable late charge;
- (3) Late payment of an installment unless the lessee has expressly agreed to the fee and the amount of the fee is disclosed. No such fee shall be assessed on any rental payment that is made within five days after the due date on rent-to-own agreements with monthly renewal dates and within three days after the due date on rent-to-own agreements with renewal dates more frequent than monthly. Thereafter a lessor may assess a late charge not to exceed five per cent of the late renewal payment or five dollars, whichever is less, except that a minimum late charge of one dollar may be assessed. Only one late fee may be assessed upon any delinquent renewal payment, regardless of the period during which it remains in default, and payments, when received, shall first be applied to the most recent payment due. With respect to renewal payments accepted by mail or by store deposit box, no lessor shall assess a late fee for payments which are postmarked or received before the expiration of the applicable grace periods;
- (4) Early termination of a rent-to-own agreement or for the return of an item at any point;
- (5) Picking up the rented property;
- (6) A separate payment in excess of the weekly or monthly rental renewal payment in order to acquire ownership of the rented property;
- (7) An application fee or processing fee in excess of ten dollars.

Section 42-244. - Prohibited provisions void. Agreement not otherwise affected.

Any provision in a rent-to-own agreement which is prohibited by sections 42-240 to 42-253, inclusive, shall be void, but shall not otherwise affect the validity of the rent-to-own agreement.

Section 42-245. - Liability damage waiver. Fee. Notice. Prohibitions and requirements.

In addition to the other charges permitted by section 42-243, the parties may contract for a liability waiver fee not to exceed seven and one-half per cent of any periodic rental payment. The

selling or offering for sale of a liability damage waiver pursuant to this section is subject to the following prohibitions and requirements:

(1) A lessor may not sell or offer to sell a liability damage waiver unless all restrictions, conditions and exclusions are printed in the rent-to-own agreement, or in a separate agreement, in eight-point type, or larger, or written in pen and ink or typewritten in or on the face of the rent-to-own agreement in a blank space provided therefor. The liability damage waiver may exclude only loss or damage to the property which is the subject of the rent-to-own agreement caused intentionally by the lessee or which results from the lessee's wilful or wanton misconduct.

(2) The liability damage waiver agreement pursuant to this section must include a statement of the total charge for the liability damage waiver. The liability damage waiver agreement must display in eight-point boldface type the following notice:

NOTICE

THIS CONTRACT OFFERS, FOR AN ADDITIONAL CHARGE, A LIABILITY DAMAGE WAIVER TO COVER YOUR RESPONSIBILITY FOR DAMAGE TO THE PROPERTY. BEFORE DECIDING WHETHER TO PURCHASE THE LIABILITY DAMAGE WAIVER, YOU MAY WISH TO DETERMINE WHETHER YOUR OWN HOMEOWNERS OR CASUALTY INSURANCE AFFORDS YOU COVERAGE FOR DAMAGE TO THE RENTAL PROPERTY, AND THE AMOUNT OF THE DEDUCTIBLE UNDER YOUR OWN INSURANCE COVERAGE. THE PURCHASE OF THIS LIABILITY DAMAGE WAIVER IS NOT MANDATORY AND MAY BE DECLINED.

(3) The liability damage waiver agreement must provide:

(A) That the property which is lost, damaged or destroyed will be replaced with substitute property of substantially comparable quality and condition; and

(B) That the total amount of rental renewal payments necessary to acquire ownership of the substitute property shall not exceed the total amount of rental renewal payments which would have been necessary to acquire ownership of the original property at the time it was lost, damaged or destroyed.

Section 42-246. - Reinstatement of terminated agreement.

(a) If the property is returned to the lessor other than through judicial process, the lessee shall be entitled to reinstate the terminated agreement as follows:

(1) If the lessee has paid less than one-third of the total amount of payments necessary to acquire ownership of the property, the lessee shall be entitled to reinstate the terminated agreement within thirty days from the expiration of the grace period for the rental term for which the lessee last made a rental payment;

(2) If the lessee has paid one-third but less than two-thirds of the total amount of payments

necessary to acquire ownership of the property, the lessee shall be entitled to reinstate the terminated agreement within ninety days from the expiration of the grace period for the rental term for which the lessee last made a rental payment;

(3) If the lessee has paid two-thirds or more of the total amount of payments necessary to acquire ownership of the property, the lessee shall be entitled to reinstate the terminated agreement within one hundred eighty days of the expiration of the grace period for the rental term for which the lessee last made a rental payment.

(b) Before reinstating a rent-to-own agreement, a lessor may require a lessee to pay any unpaid rental payments, delinquency charges, a reasonable reinstatement fee of not more than five dollars, and a delivery charge if redelivery of the rented property is necessary.

(c) On reinstatement, the lessor shall provide the lessee with the same property or substitute property of substantially comparable quality and condition. If substitute property is provided, the lessor shall provide the disclosures required in section 42-241.

(d) Only one reinstatement fee may be assessed for a delinquent renewal payment regardless of the period during which it remains in default.

Section 42-247. - Written notice of assignment of lessor's right to receive payment under the agreement.

The lessee shall pay the original lessor until the lessee receives written notification of an assignment of the lessor's rights to payment pursuant to a rent-to-own agreement and that payment is to be made to the assignee. A notification which does not reasonably identify the rights assigned is ineffective. If requested by the lessee, the assignee must furnish reasonable proof that the assignment has been made and, unless he does so, the lessee may pay the lessor.

Section 42-248. - Limit on total rental payments. Lessee to acquire ownership when fifty per cent of all rental payments made by lessee equals cash price of rented property. Termination of agreement.

(a) No lessor shall offer a rent-to-own agreement in which the total of rental payments necessary to acquire ownership exceeds twice the cash price of the rented property.

(b) When fifty per cent of all rental payments made by a lessee equals the cash price of the property disclosed to the lessee in the rent-to-own agreement, the lessee shall own the rented property and the rent-to-own agreement shall terminate.

Section 42-249. - Lessee's early purchase option.

At any time after the initial payment, the lessee may acquire ownership of the property by tendering an amount equal to the cash price of the property minus fifty per cent of all previous

renewal payments made.

Section 42-250. - Advertisement of rent-to-own agreements. Disclosure.

(a) An advertisement for a rent-to-own agreement that refers to or states the amount of a payment and the right to acquire ownership of any one particular item under the agreement shall clearly and conspicuously state:

- (1) That the transaction advertised is a rent-to-own agreement;
- (2) The total number of payments and the total amount to be paid to acquire ownership;
- (3) The circumstances under which the consumer can acquire ownership of the property.

(b) Any personal property displayed or offered under a rent-to-own agreement shall bear a tag which clearly and conspicuously indicates:

- (1) The cash price of the property;
- (2) The amount of the periodic payment; and
- (3) The total amount that must be paid to acquire ownership of the property.

Section 42-251. - Violations. Lessee's right to minimum recovery, set-off and counterclaim. Attorney's fees and court costs.

(a) A violation of any provision of sections 42-240 to 42-253, inclusive, shall be deemed an unfair or deceptive trade practice under subsection (a) of section 42-110b.

(b) If a lessor violates any provision of sections 42-240 to 42-253, inclusive, with respect to any rent-to-own agreement, the lessee in such agreement may, recover from the person committing the violation, or may set-off or counterclaim in any action by such person, actual damages with a minimum recovery of two hundred fifty dollars, plus attorney's fees and court costs.

Section 42-252. - Lessor's obligations.

A lessor shall have the same obligations as a seller under sections 42a-1-304, 42a-2-302 and 42a-2-312 to 42a-2-318, inclusive, and the same obligations as a creditor under sections 36a-645 to 36a-647, inclusive. Any rent-to-own agreement shall be subject to the provisions of section 52-572g.

Section 42-253. - Action must be brought within three years.

No action shall be brought under the provisions of sections 42-240 to 42-253, inclusive, more than three years after the person bringing the action knew or should have known of the occurrence of the alleged violation.