

GEORGIA

Lease-Purchase Agreements

O.C.G.A § 10-1-680 et seq.

Section 10-1-680 - Short title

This article shall be known and may be cited as the "Lease-purchase Agreement Act."

Section 10-1-681 - Definitions

As used in this article, the term:

(1) "Lease-purchase agreement" means an agreement for the use of personal property by a lessee primarily for personal, family, or household purposes for an initial period of four months or less that is renewable with each payment after the initial period and that permits the lessee to become the owner of the property. Lease-purchase agreements shall not include any of the following:

(A) A lease or agreement which constitutes a credit sale as defined in 12 C.F.R. 226.2(a)(16) and Section 1602(g) of the Truth-in-Lending Act, 15 U.S.C. Section 1601, et seq.;

(B) A lease which constitutes a consumer lease as defined in 12 C.F.R. 213.2(a)(6);

(C) Any lease for agricultural, business, or commercial purposes;

(D) Any lease made to an organization; or

(E) A lease or agreement which constitutes a retail installment transaction as defined in paragraph (10) of subsection (a) of Code Section 10-1-2.

(2) "Lessee" means a person who leases property pursuant to a lease-purchase agreement.

(3) "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 lease-purchase agreement.

(4) "Period" means a day, week, month, or other subdivision of a year.

Section 10-1-682 - Requirements for written statement of agreement

(a) A lease-purchase agreement shall be in the form of a written statement which shall include all of the following:

(1) A brief description of the leased property, sufficient to identify the property to the lessee and

lessor including whether the property is new or previously rented or, if a lease 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) 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 lease-purchase agreement;

(3) The amount and timing of payments;

(4) The amount of all other charges, individually itemized, payable by the lessee to the lessor which are not included in the periodic payments;

(5) A statement of the party liable for loss, damage in excess of normal wear and tear, or destruction to the leased property;

(6) The lessee's right to reinstate and the amount, or method of determining the amount, of any penalty or other charge for reinstatement as established in Code Section 10-1-686;

(7) The party responsible for maintaining or servicing the leased property together with a brief description of this responsibility;

(8) A statement of the conditions under which the lessee or lessor may terminate the lease;

(9) A statement of the total cost of the lease expressed as the product of the number of payments necessary to acquire ownership of the leased property times the amount of each payment, using the term "cost of lease";

(10) A statement that the lessee has the option to purchase the leased property during the term of the lease-purchase agreement and, at what price, formula, or by what method the price is determined;

(11) A statement that if any part of a manufacturer's warranty continues to cover the leased property at the time the lessee assumes ownership of the property, if allowed by the terms of the warranty, it will be passed on to the lessee;

(12) The fair market value of the leased property at the time it is initially leased to the lessee, using the term "estimated fair market value of the leased property," provided that in the case of property that has been previously leased the lessor may establish a standard value that may be used in lieu of a specific valuation for an individual item; and

(13) The difference between the amount disclosed under paragraph (9) of this subsection and the amount disclosed under paragraph (12) of this subsection, using the term "cost of lease services."

(b) All information required by this Code section shall be stated in a clear and coherent manner, using words and phrases of common meaning. The information shall be appropriately divided and captioned by its sections. All numerical amounts and percentages shall be stated in figures.

The information shall also be disclosed by the lessor prior to the signing of the lease by the lessee. All of the information required by this Code section shall be provided directly on the lease contract or instrument or on a separate form. The disclosures described in paragraphs (1), (2), (3), (4), (9), (12), and (13) of subsection (a) of this Code section shall be made clearly, conspicuously, and together in sequence and shall be prominently located on the same page of the contract or other instrument evidencing the lease.

(c) At the lessor's option, information in addition to that required by this Code 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 10-1-683 - Advertisements

(a) An advertisement for any lease-purchase agreement shall not state that a specific lease of any property at specific amounts or terms is available unless the lessor usually and customarily leases or will lease the property at those amounts or terms.

(b) An advertisement for any lease-purchase agreement shall not state that a payment or a periodic payment is due at the start of a lease of a specific item without disclosing both the payment due at the start of the lease, the periodic payment, the cost of lease services, and the total of all periodic payments necessary to obtain ownership.

Section 10-1-684 - Prohibited agreement provisions

A lease-purchase agreement shall not contain a provision:

- (1) Requiring a garnishment of wages or a power of attorney to confess a judgment;
- (2) Granting 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 the repossession of goods;
- (3) Requiring 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 lessee's agent on the lessor's behalf or as the lessee's agent) in collection of payments under the lease or in the repossession of goods;
- (4) Requiring the lessee to agree not to assert against a lessor or against an assignee a claim or defense arising out of the lease;
- (5) Requiring any collection or repossession charges in excess of those allowable under Code Section 10-1-7 and applicable court rules; or
- (6) Providing that the lessee cannot return the leased property to the lessor at the end of any term.

Section 10-1-685 - Purchase of insurance; early termination or return of items; fees

- (a) A lessor shall not require the purchase of insurance by the lessee from the lessor of a leased item.
- (b) A lessor shall not impose a penalty for early termination of a lease-purchase agreement or for the return of an item at any point.
- (c) A lessor shall not impose a fee for in-home collection of a payment unless the lessee has expressly agreed to the fee and the amount of the fee is disclosed.
- (d) A lessor shall not impose a fee for picking up rental property should the lessee choose to terminate the lease.
- (e) A lessor shall not impose a fee for making a late payment except the charge for reinstatement as established in Code Section 10-1-686.

Section 10-1-686 - Right to reinstatement of agreement by lessee failing to make timely payments; fees; substitute items

- (a) A lessee who fails to make timely periodic payments shall have the right to reinstate the original lease-purchase agreement without losing any rights or options previously acquired under the lease-purchase agreement if both of the following apply:
 - (1) The lessee has not missed more than three periodic payments; and
 - (2) One periodic payment has been missed and the lessee has surrendered the item to the lessor, if requested by the lessor, during the time in which payments were missed.
- (b) A lessee shall not be charged more than one reinstatement fee per missed periodic payment. A reinstatement fee shall equal the outstanding balance of any missed payments plus a charge which shall not exceed \$5.00 per missed payment. A delivery fee not to exceed the original delivery fee may be charged if redelivery of an item is necessary.
- (c) If reinstatement occurs pursuant to this Code section, the lessor shall provide the lessee with either the same item leased by the lessee prior to reinstatement or a substitute item of comparable quality and condition. If a substitute item is provided, the lessor shall provide the lessee with all of the information required in Code Section 10-1-682.

Section 10-1-687 - Penalties; grace period for compliance

- (a) Any person who shall willfully and intentionally violate any provision of this article shall be guilty of a misdemeanor and, upon conviction thereof, shall be punished by a fine not to exceed \$500.00 for the first offense and as for a misdemeanor for each subsequent offense.

(b) In case of a violation of any provision of this article, with respect to any transaction, the lessee in such transaction 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 \$300.00 or 25 percent of the cost of the lease to acquire ownership, whichever is greater, attorneys' fees, and court costs. However, the lessor shall not be liable for any error in estimating the fair market value required in paragraph (12) of subsection (a) of Code Section 10-1-682 unless said estimate shall be proved to have been made in bad faith.

(c) Notwithstanding this Code section, any failure to comply with any provisions in this article may be corrected within ten days after the date of execution of the lease-purchase agreement by the lessee, and, if so corrected, neither the lessor nor any holder is subject to any penalty under this Code section.

Section 10-1-688 - Limitation of actions

No action shall be brought under this article more than four years after the person bringing such action knew or should have known of the occurrence of the alleged violation.

Section 10-1-689 - Example of form

The following form is an example of the form which may be used to satisfy the disclosure requirements of subsection (b) of Code Section 10-1-682, requiring that the disclosures described in paragraphs (1), (2), (3), (4), (9), (12), and (13) of subsection (a) of Code Section 10-1-682 be made clearly, conspicuously, prominently, and together in sequence:

LEASE-PURCHASE DISCLOSURES

1. Description of leased property:

<u>Item</u>	<u>Quantity</u>	<u>Serial #</u>	<u>Mfg. Model</u>	<u>Condition</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

2. Total payment due at beginning of contract:

Lease payment: _____
Delivery charge: _____
Sales tax: _____
Other: _____
Total: _____

3. Lease payments:

1. You may renew the lease weekly or monthly as you choose.
2. The weekly rental is \$ _____

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3. The monthly rental is \$_____
4. Other charges:
1. Reinstatement fee \$_____
2. (Specify all others)
5. Cost of lease:
- If you renew this lease each week/month for _____ weeks/months, you will pay a total of \$_____ to own this property. This total includes all costs included in the first lease payment.
6. Estimated fair market value of the leased property:
- The estimated fair market value of the property you are leasing is \$_____
7. Cost of lease services:
- The difference between the amount in item 5 and item 6 above is \$_____.
This is the cost of services to you under this lease if you elect to renew this lease for the number of terms necessary to acquire ownership of the leased property.

I have read the above statement before signing this agreement.

Date:_____ Lessee:_____

Date:_____ Lessee:_____