

IDAHO

Lease-Purchase Agreement Act

ID Code § 28-36-101 et seq.

Section 28-36-101 - Short title and purpose.

This act shall be known and may be cited as the "Idaho Lease-Purchase Agreement Act." The purpose of this act is to protect both consumers and businesses engaged in the lease-purchase of consumer goods against unfair or deceptive acts and practices, to provide certainty and regularity in the conduct of these transactions, and to provide efficient and economical procedures to secure such protection.

Section 28-36-102 - Definitions.

As used in this chapter:

- (1) "Advertisement" means a commercial message in any medium that promotes, directly or indirectly, a lease-purchase agreement.
- (2) "Consumer" means a natural person who rents personal property under a lease-purchase agreement to be used by the consumer primarily for personal, family or household purposes.
- (3) "Consummation" means the time a consumer enters a lease-purchase agreement.
- (4) "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.
- (5) "Lease-purchase agreement" means an agreement by a lessor and a consumer for the use of personal property by a consumer primarily 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, 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.
- (6) "Renewal date" means the date specified in the lease-purchase agreement upon which the consumer must either return the personal property to the lessor or renew the lease-purchase agreement.

Section 28-36-103 - Inapplicability of other laws — exempted transactions.

- (1) Lease-purchase agreements are not governed by the laws relating to:

- (a) A home solicitation sale as defined in section 28-43-401, et seq., Idaho Code;
 - (b) A regulated consumer credit transaction pursuant to section 28-41-101, et seq., Idaho Code;
or
 - (c) A security interest as defined in section 28-1-201, Idaho Code.
- (2) This chapter does not apply to the following:
- (a) Leases of personal property primarily for business, commercial or agricultural purposes, or those made with governmental agencies or instrumentalities or with organizations;
 - (b) A lease of a safe deposit box;
 - (c) 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
 - (d) A lease of an automobile.

Section 28-36-104 - General requirements of disclosure.

- (1) The lessor shall disclose, or cause to be disclosed, to the consumer the information required in this chapter. In a transaction involving more than one (1) lessor, only one (1) lessor need make the disclosures, but all lessors shall be bound by such disclosures.
- (2) The disclosures shall be made at or before consummation of the lease-purchase agreement.
- (3) 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 section 28-36-105(1), Idaho Code, shall be made on the face of the contract above the line for the consumer's signature.
- (4) 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 the provisions of this chapter.

Section 28-36-105 - Disclosures.

- (1) For each lease-purchase agreement, the lessor shall disclose in the agreement the following items, as applicable:
 - (a) The total number, total dollar amount and frequency of all payments necessary to acquire ownership of the property;

- (b) A statement that the consumer will not own the property until the consumer has made the total payments necessary to acquire ownership;
- (c) A statement that the consumer is responsible to the lessor for the fair market value of the property if, and as of the time, it is lost, stolen, damaged or destroyed;
- (d) 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 the provisions of this chapter;
- (e) The total amount initially payable or required at or before consummation of the agreement or delivery of the property, whichever is later;
- (f) A statement that the total of payments necessary to acquire ownership does not include other charges, such as late payment, default, pickup and reinstatement fees, which fees shall be separately disclosed in the agreement;
- (g) A statement clearly summarizing the terms of the consumer's option to purchase, if any, including a statement regarding whether 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;
- (h) 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 lease property at the time the consumer acquires ownership of the property, the warranty shall be transferred to the consumer, if allowed by the terms of the warranty;
- (i) The consummation date of the agreement and the identities of the lessor and consumer;
- (j) A statement that the consumer may terminate the agreement without penalty by voluntarily surrendering or returning the property in good repair upon the renewal date together with any past due rental payments; and
- (k) Notice of the right to reinstate an agreement as herein provided.

Section 28-36-106 - Prohibited practices.

A lease-purchase agreement may not contain:

- (1) A confession of judgment;
- (2) A negotiable instrument;
- (3) A 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 without consent, or to commit any breach of the peace in the repossession of goods.

Section 28-36-107 - Reinstatement.

(1) A consumer who fails to make a timely rental payment and who fails to voluntarily return or surrender the leased property on or before the renewal date, may reinstate the agreement without losing any rights or options which exist under the agreement, by the payment, within five (5) days after the renewal date, if the consumer pays monthly, or within two (2) days after the renewal date, if the consumer pays more frequently than monthly, of:

(a) All past due rental charges;

(b) If the property has been picked up, the pickup and delivery fees; and

(c) Any applicable reinstatement fee and default fee as set forth in the lease-purchase agreement.

(2) A consumer who voluntarily returned or surrendered the property on or before the renewal date, other than through judicial process, and is current in all payments due under the lease agreement on the renewal date, may reinstate the agreement without losing any rights or options which exist under the agreement:

(a) During a period of not less than twenty-one (21) days after the date of the return of the property if at the time of surrender or voluntary return of the property the consumer had paid less than two-thirds ($2/3$) of the total of payments necessary to acquire ownership; or

(b) During a period of not less than forty-five (45) days after the date of the return of the property if at the time of surrender or voluntary return of the property the consumer had paid two-thirds ($2/3$) or more of the total of payments necessary to acquire ownership.

(3) Nothing in this section shall prevent a lessor from attempting to repossess property during the reinstatement period.

(4) Upon reinstatement, the lessor shall provide the consumer with the same property or substitute property of comparable quality and condition.

Section 28-36-108 - Receipts and accounts.

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

Section 28-36-109 - Renegotiations.

A renegotiation shall occur when an existing lease-purchase agreement is replaced by a new agreement entered into by the same lessor and consumer. A renegotiation shall be considered a new agreement requiring new disclosures. However, the following events shall not be treated as renegotiations and shall not require new disclosures:

- (1) The additions 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 twenty-five percent (25%);
- (2) A deferral or extension of one (1) or more periodic payments, or portions of a periodic payment;
- (3) A reduction in charges in the lease or agreement; or
- (4) A lease or agreement modified in a court proceeding.

Section 28-36-110 - Advertising.

(1) If an advertisement for a lease-purchase agreement refers to or states the dollar amount of the rental payment and the right to acquire ownership for any one (1) specific item, then in respect to that item the advertisement shall also clearly and conspicuously state the following items, as applicable:

- (a) That the transaction advertised is a lease-purchase agreement;
- (b) The total of payments necessary to acquire ownership; and
- (c) That the consumer acquires no ownership rights if the total amount necessary to acquire ownership is not paid.

(2) No owner or personnel of any medium in which an advertisement appears or through which it is disseminated shall be liable under this section.

(3) The provisions of subsection (1) of this section shall not apply to an advertisement which does not refer to or state the dollar amount of any payment, or which is published in a telephone directory, or in any similar business directory.

Section 28-36-111 - Enforcement.

(1) A lessor whose violation of the provisions of this chapter causes damages to a consumer shall be subject to a judgment by a court of competent jurisdiction for actual damages, if the lessor can show by preponderance of the evidence that the damage was caused by a good faith dispute between the parties; or for actual damages or one thousand dollars (\$1,000), whichever is greater, in the event the violation is not a result of a good faith dispute between the parties.

(2) As a condition precedent to bringing any action for the collection of a penalty pursuant to this section, the consumer must give the lessor written notice of the violation or violations alleged twenty (20) days prior to filing such action.

(3) No action under the provisions of this section may be brought in any court of competent jurisdiction more than one (1) year after the date of the consumer's last payment under the lease-purchase agreement or more than one (1) year after the date of the occurrence of the violation that is the subject of the suit, whichever is later.