
NEVADA

Lease of Personal Property with Option to Purchase

NV Rev Stat § 597.010 et seq.

Section 597.010 - Definitions.

As used in NRS 597.010 to 597.110, inclusive, unless the context otherwise requires:

1. "Consummation" means the time at which a customer becomes contractually obligated under a lease agreement with an option to purchase.
2. "Customer" means a natural person who leases personal property which is to be used primarily for personal, family or household purposes pursuant to a lease agreement with an option to purchase.
3. "Lease agreement with an option to purchase" means an agreement:
 - (a) For the possession and use of personal property by a natural person primarily for personal, family or household purposes, for an initial period of not more than 4 months;
 - (b) That is automatically renewable with each payment made after the initial period;
 - (c) That does not obligate or require the customer to continue leasing or using the property beyond the initial period; and
 - (d) That permits the customer to acquire the ownership of the property.
4. "Lessor" means a person who regularly provides the possession and use of property pursuant to a lease agreement with an option to purchase and to whom rental payments are initially payable as indicated on the face of the agreement.

Section 597.020 - Applicability of laws.

1. A lease agreement with an option to purchase which complies with the provisions of NRS 597.010 to 597.110, inclusive, is exempt from the provisions of law governing:
 - (a) A security interest as defined in NRS 104.1201.
 - (b) A door-to-door sale as defined in NRS 598.180.
 - (c) The sale of consumer goods as defined in NRS 104.9102.
2. The provisions of NRS 597.010 to 597.110, inclusive, do not apply to:

- (a) A lease agreement with an option to purchase entered into primarily for business, commercial or agricultural purposes.
- (b) A lease agreement with an option to purchase made with any governmental agency.
- (c) The lease of a safe deposit box.
- (d) A lease or bailment of personal property which is incidental to the lease of real property and which does not provide the customer with an option to purchase the leased property.
- (e) The lease of a motor vehicle.

Section 597.030 - Lease agreement: Disclosures required; exception to requirement; provision of copy to customer.

1. Except as otherwise provided in subsection 2, a lease agreement with an option to purchase must contain the following disclosures, if applicable:

- (a) The total number and total amount of all payments which are necessary to acquire ownership of the leased property, and the dates on which those payments are due.
- (b) A statement that the customer will not own the leased property until he or she makes all of the payments necessary to acquire ownership.
- (c) A statement that the customer is responsible for the fair market value of the leased property if it is lost, stolen, damaged or destroyed.
- (d) A brief description of the leased property which is sufficient to identify the property to the customer and lessor, including:
 - (1) The identification number of the property, if available; and
 - (2) A statement indicating whether the property is new or used. It is not a violation of this section to indicate that new property is used.
- (e) A brief description of any damage to the leased property.
- (f) A statement of the price at which the lessor will sell the leased property to the customer for cash on the date of the agreement. If at least five items are leased as a set in a single agreement, the aggregate price of all of the items leased may be indicated.
- (g) The total amount of the payments required to be paid at or before the consummation of the agreement or the delivery of the leased property, whichever is later.
- (h) A statement that the total amount of all payments required to be paid does not include other

fees which may be charged.

(i) A statement of all other fees which may be charged, including, but not limited to, fees for:

- (1) The failure to make timely payments.
- (2) Defaulting on the agreement.
- (3) Reinstating the agreement.
- (4) Returning the leased property to the lessor.

(j) A summary of the terms of the customer's option to purchase the leased property, including a statement that the customer has the right to purchase the leased property at any time before the termination of the lease, and the price at which the property may be so purchased.

(k) A statement identifying the person who is responsible for maintaining and servicing the property while it is being leased, and a description of that responsibility.

(l) A statement that if any part of the manufacturer's express warranty covers the leased property when the customer acquires ownership of the property, it will be transferred to the customer if allowed by the terms of the warranty.

(m) The date of the transaction and the names of the customer and lessor.

(n) A statement that the customer may terminate the agreement without penalty by voluntarily surrendering or returning the leased property in good repair at the expiration of the term of the lease, and paying any rental payments that are past due.

(o) A notice of the customer's right to reinstate the agreement pursuant to NRS 597.070.

2. A lessor is not required to comply with the provisions of this section if the transaction is governed by Part E of the Consumer Credit Protection Act, 15 U.S.C. §§ 1667 to 1667e, inclusive, and the lessor complies with the requirements of those sections and the regulations adopted pursuant thereto.

3. The lessor shall provide the customer with a copy of the lease agreement with an option to purchase.

Section 597.040 - Required disclosures: Manner of making; transactions with multiple lessors; effect of inaccuracy caused by customer.

1. The disclosures required to be made by NRS 597.030 must be made:

(a) At or before the consummation of the lease agreement with an option to purchase; and

(b) Clearly and conspicuously in writing on the face of the agreement, directly above the line for the customer's signature.

2. In a transaction involving more than one lessor, only one lessor is required to make the required disclosures, but all lessors are bound by those disclosures.

3. If a disclosure becomes inaccurate after it is delivered to the customer because of an act or omission of the customer, the resulting inaccuracy is not a violation of the provisions of NRS 597.010 to 597.110, inclusive.

Section 597.050 - Lease agreement: Disclosures required upon renegotiation but not upon extension; when deemed to be renegotiated.

1. The disclosures required by NRS 597.030:

(a) Must be made if a lease agreement with an option to purchase is renegotiated.

(b) Are not required to be made if such an agreement is extended.

2. For the purposes of this section, a lease agreement with an option to purchase:

(a) Is renegotiated if it is replaced by a new agreement entered into by the same customer and lessor.

(b) Has not been renegotiated if:

(1) The leased property is exchanged or added to or individual items are returned and the average payment is not changed by more than 25 percent;

(2) One or more of the periodic payments or portions of a periodic payment are deferred or extended;

(3) Any additional fees charged are reduced; or

(4) It is the subject of a judicial proceeding.

Section 597.060 - Lease agreement: Prohibited provisions.

A lease agreement with an option to purchase may not contain:

1. A confession of judgment.

2. A negotiable instrument.

3. A security interest or any other claim to an interest in property other than the property

delivered by the lessor pursuant to the agreement.

4. An assignment of wages.

5. A waiver by the customer of any claims or defenses.

6. A provision authorizing the lessor, or any other person acting on his or her behalf, to commit any breach of the peace, in order to repossess the leased property.

Section 597.070 - Lease agreement: Reinstatement after customer fails to make timely payment.

1. A customer who fails to make a timely payment may reinstate the lease agreement with an option to purchase without losing any rights or options contained in the agreement if the customer pays to the lessor:

(a) All payments that are past due;

(b) The reasonable costs of returning the property to the lessor and redelivering it to the customer, if the leased property has been returned to the lessor; and

(c) Any applicable fee for making a late payment.

2. The payments required to be made by subsection 1 must be made within:

(a) Five days after the date for renewing the agreement if the customer's payments are required to be made monthly; or

(b) Two days after the date for renewing the agreement if the customer's payments are required to be made more frequently.

3. If a customer has paid less than two-thirds of the total amount of the payments necessary to acquire ownership of the leased property and, during the time set forth in subsection 2, returns or voluntarily surrenders the property to the lessor, other than pursuant to a judicial order, the customer may reinstate the agreement within 21 days after the date on which the property was returned.

4. If a customer has paid at least two-thirds of the total amount of the payments necessary to acquire ownership of the leased property and, during the time set forth in subsection 2, returns or voluntarily surrenders the property to the lessor, other than pursuant to a judicial order, the customer may reinstate the agreement within 45 days after the date on which the property was returned.

5. This section does not prohibit a lessor from repossessing the leased property during the time allowed for reinstatement. If the lessor repossesses the leased property during that time:

- (a) The repossession does not affect the customer's right to reinstate the agreement.
- (b) The lessor shall return the property to the customer or provide the customer with property which is of comparable quality and in comparable condition if the agreement is reinstated.

Section 597.080 - Receipt required for certain payments by customer.

A lessor shall give to a customer a written receipt for each payment made in cash or with a money order.

Section 597.090 - Advertisement for lease agreement that refers to payment or right to acquire ownership: Requirements; exception; liability.

1. An advertisement for a lease agreement with an option to purchase that refers to or states the amount of any required payment and the right to acquire ownership of any individual item of property must clearly and conspicuously indicate:

- (a) That the transaction advertised is a lease agreement with an option to purchase;
- (b) The total amount of payments necessary to acquire ownership of the property; and
- (c) That the customer does not acquire ownership of the property if the total amount of payments is not paid.

2. This section does not apply to an advertisement for a lease agreement with an option to purchase which is published in a telephone or business directory.

3. This section does not create any liability for the acts of a publisher, owner, agent or employee of a newspaper, magazine, periodical, radio station, television station or other advertising medium for the publication or dissemination of an advertisement for a lease agreement with an option to purchase if the publisher, owner, agent or employee did not know that the advertisement violated the provisions of this section.

4. As used in this section, "advertisement" means the attempt by publication, dissemination, solicitation or circulation to induce, directly or indirectly, any person to enter into a lease agreement with an option to purchase.

Section 597.100 - Criminal penalty.

A person who willfully and intentionally violates any provision of NRS 597.010 to 597.090, inclusive, is guilty of a misdemeanor.

Section NRS 597.110 - Civil penalty.

Unless the lease agreement with an option to purchase provides otherwise:

1. In addition to any penalty imposed pursuant to NRS 597.100, the lessor or his or her assignee is liable, except as otherwise provided in subsection 3, in civil suit to the customer for an amount equal to the actual damages resulting from a violation of a provision of NRS 597.010 to 597.110, inclusive, or 25 percent of the total cost to acquire ownership of the property under the lease agreement, whichever amount is greater. The court shall award the prevailing party in such an action attorney's fees and his or her costs of the action.
2. If the lessor commences a civil suit to enforce such a lease agreement, the customer may set off or counterclaim damages in the amount specified in subsection 1 for such a violation.
3. Such a civil penalty may not be imposed upon a lessor or his or her assignee unless:
 - (a) The customer has notified the lessor or, if applicable, his or her assignee in writing of the alleged violation; and
 - (b) The lessor or assignee does not correct the violation, if any, within 30 days after receiving the notice.