

OREGON

Lease-Purchase Agreements

OR Rev Stat § 646A.120 et seq.

Section 646A.120 - Definitions for ORS 646A.120 to 646A.134.

As used in ORS 646A.120 to 646A.134:

- (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 an individual who rents personal 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) "Lease-purchase agreement" means an agreement for the use of personal property by an individual 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.
- (6) "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. [Formerly 646.245]

Section 646A.122 - Applicability of ORS 646A.120 to 646A.134.

- (1) Lease-purchase agreements that comply with ORS 646A.120 to 646A.134 are not governed by laws relating to:
 - (a) A security interest under ORS chapter 79.
 - (b) A retail installment contract under ORS 83.010 to 83.190.
- (2) ORS 646A.120 to 646A.134 do not apply to the following:
 - (a) Lease-purchase agreements 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 a motor vehicle. [Formerly 646.247]

Section 646A.124 - General disclosure requirements.

- (1) The lessor shall disclose to the consumer the information required by ORS 646A.126. In a transaction involving more than one lessor, only one lessor need make the disclosures, but all lessors shall be bound by the 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 shall be provided to the consumer. The disclosures required under ORS 646A.126 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 ORS 646A.120 to 646A.134.
- (5) If any portion of the transaction is conducted in any language other than English, the disclosures required under ORS 646A.120 to 646A.134 shall be in the language other than English. This subsection does not apply if any portion of the transaction is conducted through an interpreter supplied by the lessee. [Formerly 646.249]

Section 646A.126 - Specific disclosure requirements.

For each lease-purchase agreement, the lessor shall disclose in the agreement the following items, as applicable:

- (1) Whether the periodic payment is weekly, monthly or otherwise, the dollar amount of each payment and the total number and total dollar amount of all periodic 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 advising the consumer whether the consumer is liable for loss or damage to the property, and, if so, the maximum amount for which the consumer is liable;
- (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. A statement that indicates new property is used is not a violation of ORS 646A.120 to 646A.134;

(5) A statement of the cash price of the property. Where one agreement involves a lease of two or more items as a set, a statement of the aggregate cash price of all items shall satisfy this requirement;

(6) The total of initial payments paid or required at or before consummation of the agreement or delivery of the property, whichever is later;

(7) A statement that the total amount of payments does not include other charges, such as late payment, default, pickup and reinstatement fees. Fees listed in this subsection shall be disclosed separately in the agreement;

(8) 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;

(9) 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, it shall be transferred to the consumer, if allowed by the terms of the warranty;

(10) The date of the transaction and the identities of the lessor and consumer;

(11) A statement that the consumer may terminate the agreement without penalty by voluntarily surrendering or returning the property in good repair, reasonable wear and tear excepted, upon expiration of any lease term along with any past due rental payments; and

(12) Notice of the right to reinstate an agreement as provided in ORS 646A.120 to 646A.134. [Formerly 646.251]

Section 646A.128 - Provisions prohibited in lease-purchase agreements.

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;
- (6) A provision authorizing the lessor or a person acting on the lessor's behalf to enter upon the consumer's premises without the permission of the consumer or to commit any breach of the peace in the repossession of goods;
- (7) A provision requiring the purchase of insurance or liability damage waiver from the lessor for property that is the subject of the lease-purchase agreement;
- (8) A provision that mere failure to return property constitutes probable cause for a criminal action;
- (9) A provision requiring the lessee to make a payment in addition to regular lease payments in order to acquire ownership of the leased property, or a provision requiring the lessee to make lease payments totaling more than the dollar amount necessary to acquire ownership, as disclosed pursuant to ORS 646A.126;
- (10) A provision requiring a late charge or reinstatement fee unless a periodic payment is late more than two days on a weekly agreement, or five days on a monthly agreement;
- (11) A late charge or reinstatement fee in excess of \$5; or
- (12) More than one late charge or reinstatement fee on any one periodic payment regardless of the period of time during which it remains in default. [Formerly 646.253]

Section 646A.130 - Reinstatement of lease-purchase agreement by consumer; receipt for each payment.

- (1) 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 of:
 - (a) All past due rental charges;
 - (b) If the property has been picked up, the reasonable costs of pickup and redelivery; and
 - (c) Any applicable late fee, 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.
- (2) In the case of a consumer who has paid less than two-thirds 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 reinstatement period set forth in subsection (1) 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.
- (3) In the case of a consumer who has paid two-thirds 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 (1) of this section, the consumer may reinstate the agreement during a period of not less than 30 days after the date of the return of the property.

(4) 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.

(5) A lessor shall provide the consumer with a written receipt for each payment made by cash or money order. [Formerly 646.255]

Section 646A.132 - Renegotiation or extension of lease-purchase agreement.

(1) 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. A renegotiation shall not include:

- (a) 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 10 percent;
- (b) A deferral or extension of one or more periodic payments, or portions of a periodic payment;
- (c) A reduction in charges in the lease or agreement; and
- (d) A lease or agreement involved in a court proceeding.

(2) No disclosures are required for any extension of a lease-purchase agreement. [Formerly 646.257]

Section 646A.134 - Disclosures required in advertisement for lease-purchase agreements.

(1) 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:

- (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) 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.

(3) The provisions of subsection (1) 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.

(4) Every item displayed or offered under a lease-purchase agreement shall have clearly and conspicuously indicated in Arabic numerals, so as to be readable and understandable by visual inspection, each of the following stamped upon or affixed to the item:

(a) The cash price of the item;

(b) The amount of the periodic payment; and

(c) The total number of periodic payments required for ownership. [Formerly 646.259]