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**STATE OF OKLAHOMA
DEPARTMENT OF CONSUMER CREDIT**

NOTICE REGARDING SENATE BILL 944

Introduction

The Governor recently signed Senate Bill 944 on May 16, 2016. Senate Bill 944 amends various sections of the Oklahoma Rental-Purchase Act (the Act), including the definitions of various terms used in the Act, the fees that may be imposed by a rental purchase lessor in connection with a rental purchase agreement, disclosure requirements, refunds and administrative fines. Below is a section by section description of the amendments. The effective date of the legislation is November 1, 2016. Please contact the Legal Division of the Department at 405-522-4662 if you have any questions regarding the amendments.

Definitions

Senate Bill 944 amends 59 O.S. § 1951 by adding a new definition of the term “displayed primarily for rental-purchase.” The term “displayed primarily for rental-purchase” is defined as personal property displayed or offered at a physical location which derives fifty percent (50%) or more of its revenue from rental-purchase agreements.

Senate Bill 944 also amends the definition of “initial period” at 59 O.S. § 1951(6). The term “initial period” is now defined as the period of time from the date of inception of the rental purchase agreement to the first scheduled renewal payment. Previously, the term initial period was defined as the period of time from the date of inception of the rental purchase agreement to the first scheduled installment.

Disclosures required-Prohibited provisions-Reinstatement rights-Advertisement contents

Fees

Senate Bill 944 amends 59 O.S. § 1954 by repealing the maximum amount of various fees that may be charged in a rental purchase agreement. The maximum amount that may be charged of following fees has been repealed: waiver of liability fee, a late charge, a reinstatement fee, a delivery charge, an insufficient funds check fee, initial fee and pickup fee. Senate Bill 944 also authorizes a rental purchase lessor to charge other fees. The fees charged by a rental purchase lessor cannot be in excess of the range of fees usually or customarily charged by providers of similar services or products. However, the Department will continue to review rental purchase agreements prior to the effective date of the legislation to ensure that fees are consistent with the Act.

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Acknowledgment of Rental-Purchase Transaction, separate additional disclosure

Senate Bill 944 amends 59 O.S. § 1954 by adding additional disclosure requirements for a rental purchase agreement for personal property that is displayed or offered at a location that does not derive fifty percent (50%) or more of its revenue from rental-purchase agreements, such as a rental purchase agreement entered into at a rental purchase lessor's kiosk inside a furniture store. The following additional disclosures must be made by a rental purchase lessor for a rental purchase agreement for personal property that is displayed or offered at a location that does not derive fifty percent (50%) or more of its revenue from rental-purchase agreements:

1. The cash price of the property; (As an example, if the rental purchase lessor is operating a kiosk inside a furniture store, the rental purchase lessor is required to list the cash price of the personal property that is for sale at the furniture store)
2. The amount of the periodic rental payment; and
3. The total number and amount of periodic rental payments necessary to acquire ownership of the property.

Separate disclosures regarding a rental purchase agreement for personal property displayed or offered at a location that does not derive more than fifty percent (50%) of its revenue from rental purchase agreements

Senate Bill 944 amends 59 O.S. § 1954 by requiring additional disclosures that are separate from the rental purchase agreement if the rental purchase agreement is for personal property that is displayed or offered at a location that does not derive more than fifty percent (50%) of its revenue from rental-purchase agreements. The separate disclosures must be titled as an "Acknowledgment of Rental-Purchase Transaction" and is required to be signed by the lessee. The lessee must acknowledge the following statements on the separate disclosure:

1. That the agreement is a rental-purchase agreement and the lessee does not own the merchandise but can obtain ownership by using ownership options provided in the agreement;
2. That the agreement is not a credit transaction;
3. That the lessee has the right to return the merchandise to the lessor without additional charge or penalty at any time and will owe nothing further except unpaid rent charges and fees;
4. That if the lessee returns the property, the agreement offers reinstatement rights which allow the lessee to get the property back if the lessee has complied with the agreement and the law;

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5. That the lessee has been advised of and reviewed the lessor's cash price of the property, the amount of any periodic payment and the total number and amount of periodic payments necessary to acquire ownership of the property; and
6. That the lessee has reviewed and acknowledged the terms of the agreement, including the purchase option rights and the total cost if all scheduled payments are made.

**Consumer right to damages--Enforcement--Assessment of cost of examination--
Hearings--Application of Administrative Procedures Act--Recovery by multiple
lessees--Lessor adjustment of error--Bona fide errors**

Senate Bill 944 amends 59 O.S. § 1955 by authorizing the Administrator of Consumer Credit to order the refund of any excessive fees imposed by a rental purchase lessor and by authorizing the Administrator to impose an administrative fine in an amount ranging from One Hundred Dollars (\$100.00) to Two Thousand Five Hundred Dollars (\$2,500.00). Prior to the amendment in Senate Bill 944, the Administrator could only order a refund for an unlawful charge. The administrative fine may be imposed for each violation of the Oklahoma Rental Purchase Act, but the administrative fine cannot exceed Five Thousand Dollars (\$5,000.00) for all violations of a rental purchase lessor. An order for the refund of excessive fees or an administrative fine may be imposed after notice to a rental purchase lessor and an opportunity for a hearing.