

1  
2  
3  
4  
5  
6  
7  
8  
9  
  
10  
11  
  
12  
13  
14  
15  
16  
17  
18  
19  
20

S.73

Introduced by Senators Mullin, Balint, Baruth, Campbell, Cummings, and

Doyle

Referred to Committee on Economic Development, Housing and General  
Affairs

Date: February 10, 2015

Subject: Commerce and trade; rent-to-own; regulation

Statement of purpose of bill as introduced: This bill proposes to strengthen  
State regulation of the rent-to-own industry.

An act relating to State regulation of rent-to-own agreements for  
merchandise

It is hereby enacted by the General Assembly of the State of Vermont:

~~Sec. 1. 9 V.S.A. § 41b is amended to read:~~

~~§ 41b. RENT-TO-OWN AGREEMENTS; DISCLOSURE OF TERMS~~

~~(a) The attorney general shall adopt by rule standards for the full and  
conspicuous disclosure to consumers of the terms of rent-to-own agreements.~~

~~For purposes of this section a rent-to-own agreement means an agreement for  
the use of merchandise by a consumer 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~~

1 ~~owner of the property. An agreement that complies with this article is not a~~  
2 ~~retail installment sales contract, agreement or obligation as defined in this~~  
3 ~~chapter, or a security interest as defined in section 1-201(37) of Title 9A.~~

4 ~~(b) The attorney general, or an aggrieved person, may enforce a violation~~  
5 ~~of the rules adopted pursuant to this section as an unfair or deceptive act or~~  
6 ~~practice in commerce under section 2453 of this title.~~

7 (a) Definitions. In this section:

8 (1) "Advertising" means a commercial message in any medium that  
9 directly or indirectly promotes or assists a rent-to-own transaction.

10 Advertising includes newspapers, magazines, flyers, mailings, radio, and  
11 television. Advertising does not include commercial messages to the extent  
12 that they are displayed exclusively inside the premises where the merchandise  
13 being offered is located.

14 (2) "Cash price" means:

15 (A) the bona fide retail price at which a merchant would sell the item  
16 in question to the consumer for cash on the date of the rent-to-own transaction,  
17 which price shall be representative of, and competitive with, the price at which  
18 similar merchandise is currently available for purchase at other stores in the  
19 area; or

20 (B) if the item is not offered for sale for cash, the estimated average  
21 cash retail price of the item or a similar item in the market area.

1 ~~(3) "Clear and conspicuous" means that the statement or term being~~  
2 disclosed is of such size, color, contrast, or audibility, and is so presented, as to  
3 be readily apparent to the person to whom it is being disclosed.

4 (4) "Consumer" has the same meaning as in subsection 2451a(a) of  
5 this title.

6 (5) "Effective annual percentage rate" means the annual percentage rate  
7 of the merchandise subject to a rent-to-own transaction, calculated in the same  
8 manner as an annual percentage rate under section 107 of the federal Truth in  
9 Lending Act, 15 U.S.C. § 1606, except that:

10 (A) in place of the finance charge, there shall be substituted the  
11 difference between the total of payments to acquire ownership and the cash  
12 price, less any amounts specifically excluded from the finance charge under  
13 the Truth in Lending Act;

14 (B) in place of the amount financed, there shall be substituted the  
15 cash price less any down payment; and

16 (C) it shall be assumed that the consumer will pay the total of  
17 payments to acquire ownership in the merchandise.

18 (6) "Merchant" means a person who offers, or contracts for, the use of  
19 merchandise on a rent-to-own basis with a consumer.

1 ~~(7)(A) "Rent to own" refers to the use of merchandise under an~~  
2 ~~agreement that is renewable with each payment after the initial period and~~  
3 ~~where the consumer is permitted to become the owner of the property.~~

4 ~~(B) This section shall not apply to a transaction for the use of:~~

5 ~~(i) a musical instrument that is intended to be used in whole or in~~  
6 ~~part in an elementary or secondary school; or~~

7 ~~(ii) a motor vehicle.~~

8 ~~(b) General disclosure requirements.~~

9 ~~(1)(A) A merchant shall make the disclosures required by this section~~  
10 ~~clearly, conspicuously, in meaningful sequence, and in accordance with the~~  
11 ~~further requirements of this section.~~

12 ~~(B) A merchant shall present numerical amounts and percentages as~~  
13 ~~figures that shall be printed or legibly handwritten in not less than the~~  
14 ~~equivalent of 10-point type.~~

15 ~~(2) A merchant may supply additional information with a disclosure~~  
16 ~~required by this section, but shall not state or place the additional information~~  
17 ~~in such a way as to cause the disclosures as a whole to be misleading or~~  
18 ~~confusing, or to contradict, obscure, or detract attention from the required~~  
19 ~~disclosures.~~

20 ~~(3) If a merchant and consumer renegotiate or modify an agreement in a~~  
21 ~~substantial or material way after the effective date of this section, including~~

1 ~~any change that increases the consumer's payments or other obligations or~~  
2 diminishes the consumer's rights, the renegotiated or modified agreement shall  
3 be considered a new transaction subject to the disclosure requirements of  
4 this section.

5 (4) Unless stated otherwise in a clear and conspicuous manner, all terms  
6 and conditions required to be disclosed by this section shall be actually  
7 available to all consumers.

8 (c) Disclosures in advertising. An advertisement for a rent-to-own  
9 transaction that states or refers to the amount of a payment or the right to  
10 acquire ownership of one or more specific items of merchandise shall state:

11 (1) that the transaction advertised is a rent-to-own transaction;

12 (2) that the consumer will not own the property until the consumer pays  
13 the full amount required for ownership;

14 (3) for each specific item advertised, the total amount the consumer  
15 must pay to acquire ownership, which a merchant shall designate as "total  
16 cost"; and

17 (4) the effective annual percentage rate associated with the item, which  
18 may be accompanied by a statement that this rate applies only if the consumer  
19 acquires ownership by making all the payments.

1 ~~(d) Disclosures in proximity to merchandise.~~

2 ~~(1) In the same general vicinity as any merchandise overtly displayed or~~  
3 ~~offered on a rent-to-own basis, a merchant shall disclose, with sufficient~~  
4 ~~prominence that a consumer inspecting the merchandise would be likely to see~~  
5 ~~the disclosure.~~

6 ~~(A) that the transaction advertised is a rent-to-own transaction; and~~

7 ~~(B) that the consumer will not own the property until the consumer~~  
8 ~~pays the full amount required for ownership.~~

9 ~~(2) In immediate proximity to each specific item of merchandise overtly~~  
10 ~~displayed or offered on a rent-to-own basis a merchant shall disclose:~~

11 ~~(A) the cash price of the item;~~

12 ~~(B) the amount of the periodic payment and the total number of~~  
13 ~~periodic payments a consumer must make to acquire ownership;~~

14 ~~(C) the total amount the consumer must pay to acquire ownership,~~  
15 ~~which a merchant shall designate as "total cost";~~

16 ~~(D) the effective annual percentage rate associated with the item,~~  
17 ~~which may be accompanied by a statement that this rate applies only if the~~  
18 ~~consumer acquires ownership by making all payments; and~~

19 ~~(E) a statement as to whether the item is new or used.~~

20 ~~(e) Disclosures in rent-to-own agreement.~~

1 ~~(1) Prior to executing a rent to own agreement, a merchant shall give~~  
2 ~~the consumer the opportunity to review a written copy of the agreement.~~

3 ~~(2) The agreement shall include:~~

4 ~~(A) a heading in no less than 12-point, bold-face type, that reads:~~

5 ~~“IMPORTANT INFORMATION ABOUT THIS RENT-TO-OWN~~  
6 ~~AGREEMENT. Do Not Sign this Agreement Before You Read It or If It~~  
7 ~~Contains any Blank Spaces”; and~~

8 ~~(B) the following general disclosures on the front side of the~~  
9 ~~agreement above the line for the consumer’s signature:~~

10 ~~(i) the name, address, and telephone number of the merchant;~~

11 ~~(ii) the name and address of the consumer;~~

12 ~~(iii) the date of the transaction;~~

13 ~~(iv) a description of the merchandise, including any applicable~~  
14 ~~model and identification numbers;~~

15 ~~(v) a statement whether the merchandise is new or used; and~~

16 ~~(vi) a description of any damage to the merchandise.~~

17 ~~(3) A rent-to-own agreement shall at minimum include the following~~  
18 ~~cost disclosures, printed and grouped as indicated below in no less than~~  
19 ~~12-point, bold-face type on the front of the agreement above the line for the~~  
20 ~~consumer’s signature:~~

21 ~~(A) Initial payment for rent-to-own merchandise: \$ \_\_\_\_\_~~

1 ~~(B) Subsequent regular payments:~~  
2 ~~\$ \_\_\_\_\_ /week [month] × \_\_\_\_\_ weeks [months] \$ \_\_\_\_\_~~  
3 ~~(C) Other charges or fees required to acquire ownership (itemize):~~  
4 ~~\_\_\_\_\_ \$ \_\_\_\_\_~~  
5 ~~\_\_\_\_\_ \$ \_\_\_\_\_~~  
6 ~~\_\_\_\_\_ \$ \_\_\_\_\_~~  
7 ~~Total required charges or fees: \$ \_\_\_\_\_~~  
8 ~~(D) Total payments to acquire ownership: (A) + (B) + (C) \$ \_\_\_\_\_~~  
9 ~~(E) Cash price: \$ \_\_\_\_\_~~  
10 ~~(F) Costs of ownership exceeding cash price: (D) – (E) \$ \_\_\_\_\_~~  
11 ~~(G) Number of years of payments to acquire ownership: \_\_\_\_\_~~  
12 ~~(H) Effective annual percentage rate (if you acquire ownership by~~  
13 ~~making all rental payments): [(F) ÷ (G)] ÷ (E) \_\_\_\_\_ %~~  
14 ~~(4) A rent-to-own agreement shall also include the following additional~~  
15 ~~disclosures:~~  
16 ~~(A) a line-item list of any other charges or fees the consumer could~~  
17 ~~be charged or have the option of paying in the course of acquiring ownership~~  
18 ~~or during or after the term of the contract;~~  
19 ~~(B) that the consumer will not own the merchandise until all~~  
20 ~~necessary payments have been made;~~

- 1 ~~(C) who is responsible for damage to the merchandise and the~~  
2 maximum amount of the consumer's liability;
- 3 (D) who is responsible for servicing the merchandise;
- 4 (E) a description of any manufacturer's or other warranties on the  
5 merchandise, if any, which may be in a separate document furnished to  
6 the consumer;
- 7 (F) a description of any insurance required of the consumer, or a  
8 statement that the consumer is not required to purchase insurance and a  
9 description of any insurance purchased by the consumer;
- 10 (G) an explanation of all options to purchase, including any early  
11 option to purchase;
- 12 (H) all deadlines for payments, and the nature and amount of all  
13 charges for late payment, default, pickup of merchandise, reinstatement, and  
14 any other contingency;
- 15 (I) an explanation of any right to repossess the merchandise; and
- 16 (J) an explanation of the right of any party to terminate the agreement  
17 and to reinstate the agreement.
- 18 (f) Disclosure of age of merchandise. Upon the request of a consumer who  
19 has entered into a rent-to-own agreement with respect to used merchandise, the  
20 merchant shall, without unreasonable delay, disclose when the merchandise  
21 was purchased new, if known.

1 ~~(g) Prohibited provisions of rent to own agreement. A rent to own~~  
2 ~~agreement shall not contain a provision:~~  
3 ~~(1) requiring a confession of judgment;~~  
4 ~~(2) requiring a garnishment of wages;~~  
5 ~~(3) authorizing a merchant or its agent to enter unlawfully upon the~~  
6 ~~consumer's premises or to commit any breach of the peace in the repossession~~  
7 ~~of property;~~  
8 ~~(4) requiring the consumer to waive any defense, counterclaim, or right~~  
9 ~~of action against the merchant or its agent in collection of payment under the~~  
10 ~~agreement or in the repossession of property; or~~  
11 ~~(5) requiring the consumer to purchase insurance from the merchant to~~  
12 ~~cover the property.~~  
13 ~~(h) Preservation of disclosures. A merchant shall preserve copies or~~  
14 ~~facsimiles of all disclosures in advertising, and all rent-to-own agreements~~  
15 ~~containing disclosures required by this section, for a period of not less than two~~  
16 ~~years after the date the disclosures are made. In the case of a radio or~~  
17 ~~television advertisement, it shall be sufficient to preserve a copy of the script~~  
18 ~~or storyboard.~~  
19 ~~(i) Reinstatement of agreement. A rent-to-own agreement shall include~~  
20 ~~a provision:~~

1 ~~(1) Permitting a consumer who fails to make a timely lease payment to~~  
2 ~~reinstate the agreement without losing any rights or options that exist under the~~  
3 ~~agreement by the payment of all past-due lease charges, the reasonable costs of~~  
4 ~~pickup, redelivery, and any refurbishing, and any applicable late fee within~~  
5 ~~five business days of the renewal date of the agreement if the consumer pays~~  
6 ~~monthly or within three business days of the renewal date of the agreement if~~  
7 ~~the consumer pays more frequently than monthly.~~

8 (2) Permitting the consumer to reinstate the agreement during a period  
9 of not less than 30 days after the date of the return of the property if the  
10 consumer promptly returns or voluntarily surrenders the property upon request  
11 by the lessor or its agent. In the event the consumer has paid at least  
12 50 percent of the total of payments to acquire ownership, the reinstatement  
13 period shall be extended to a total of 90 days after the date of the return of  
14 the property.

15 (j) Effective annual percentage rate. The effective annual percentage rate  
16 of a rent-to-own agreement subject to this section shall not exceed 24 percent.

17 (k) Reasonable charges and fees. Any charge or fee assessed under a  
18 rent-to-own agreement shall be reasonably related to the actual cost to the  
19 merchant of the service or hardship for which it is charged.

20 (l) Prohibition on rent-to-own businesses and licensed lenders. A person  
21 engaged in the business of selling merchandise under a rent-to-own agreement

1 ~~subject to this section shall not engage in any conduct or business at the same~~  
2 physical location that would require a license under 8 V.S.A. chapter 73  
3 (licensed lenders).

4 (m) Enforcement; remedies; damages

5 (1) A person who violates this section commits an unfair and deceptive  
6 act in commerce in violation of section 2453 of this title.

7 (2) The Attorney General shall have the same authority under this  
8 section to make rules, conduct civil investigations, bring civil actions, and  
9 enter into assurances of discontinuance as provided under chapter 63 of this  
10 title. In an action brought by the Attorney General under this section, the court  
11 may award or impose any relief available under chapter 63 of this title.

12 (3) This section shall not be construed to limit rights and remedies  
13 available to the State of Vermont or to any person under chapter 63 of this title  
14 or any other law and shall not alter or restrict the Attorney General's authority  
15 under chapter 63 of this title with regard to conduct involving assertions of  
16 violations of this section.

17 Sec. 2. EFFECTIVE DATE

18 ~~This act shall take effect on July 1, 2015.~~

*Sec. 1. 9 V.S.A. § 41b is amended to read:*

*§ 41b. RENT-TO-OWN AGREEMENTS; DISCLOSURE OF TERMS*

*(a) The attorney general shall adopt by rule standards for the full and conspicuous disclosure to consumers of the terms of rent to own agreements. For purposes of this section a rent to own agreement means an agreement for the use of merchandise by a consumer 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. An agreement that complies with this article is not a retail installment sales contract, agreement or obligation as defined in this chapter or a security interest as defined in section 1-201(37) of Title 9A.~~

~~(b) The attorney general, or an aggrieved person, may enforce a violation of the rules adopted pursuant to this section as an unfair or deceptive act or practice in commerce under section 2453 of this title.~~

(a) Definitions. In this section:

(1) "Advertisement" means a commercial message that solicits a consumer to enter into a rent-to-own agreement for a specific item of merchandise that is conveyed:

(A) at a merchant's place of business;

(B) on a merchant's website;

(C) on television or radio.

(2) "Cash price" means the price of merchandise available under a rent-to-own agreement that the consumer may pay in cash to the merchant at the inception of the agreement to acquire ownership of the merchandise.

(3) "Clear and conspicuous" means that the statement or term being disclosed is of such size, color, contrast, or audibility, as applicable, so that the nature, content, and significance of the statement or term is reasonably apparent to the person to whom it is disclosed.

(4) "Consumer" has the same meaning as in subsection 2451a(a) of this title.

(5) "Merchandise" means an item of a merchant's property that is available for use under a rent-to-own agreement. The term does not include:

(A) real property;

(B) a mobile home, as defined in section 2601 of this title;

(C) a motor vehicle, as defined in 23 V.S.A. § 4;

(D) an assistive device, as defined in section 41c of this title; or

(E) a musical instrument intended to be used primarily in an elementary or secondary school.

(6) "Merchant" means a person who offers, or contracts for, the use of merchandise under a rent-to-own agreement.

(7) "Merchant's cost" means the documented actual cost, including

actual freight charges, of merchandise to the merchant from a wholesaler, distributor, supplier, or manufacturer and net of any discounts, rebates, and incentives that are vested and calculable as to a specific item of merchandise at the time the merchant accepts delivery of the merchandise.

(8)(A) "Rent-to-own agreement" means a contract under which a consumer agrees to pay a merchant for the right to use merchandise until:

(i) the consumer returns the merchandise to the merchant;

(ii) the merchant retakes possession of the merchandise; or

(iii) the consumer pays the total cost and acquires ownership of the merchandise.

(B) A "rent-to-own agreement" as defined in subdivision (7)(A) of this subsection is not:

(i) a sale subject to 9A V.S.A. Article 2;

(ii) a lease subject to 9A V.S.A. Article 2A;

(iii) a security interest as defined in section 9A V.S.A. § 1-201(a)(35); or

(iv) a retail installment contract or retail charge agreement as defined in chapter 61 of this title.

(9) "Rent-to-own charge" means the difference between the total cost and the cash price of an item of merchandise.

(10) "Total cost" means the sum of all payments, charges, fees, and taxes that a consumer must pay to acquire ownership of merchandise under a rent-to-own agreement. The term does not include charges for optional services or charges due only upon the occurrence of a contingency specified in the agreement.

(b) General requirements.

(1) Prior to execution, a merchant shall give a consumer the opportunity to review a written copy of a rent-to-own agreement that includes all of the information required by this section for each item of merchandise covered by the agreement and shall not refuse a consumer's reasonable request to review the agreement with a third party, either inside the merchant's place of business or at another location.

(2) A disclosure required by this section shall be clear and conspicuous.

(3) In an advertisement or rent-to-own agreement, a merchant shall state a numerical amount or percentage as a figure and shall print or legibly handwrite the figure in the equivalent of 12-point type or greater.

(4) A merchant may supply information not required by this section with the disclosures required by this section, but shall not state or place additional information in such a way as to cause the required disclosures to be misleading or confusing, or to contradict, obscure, or detract attention from the required disclosures.

(5) A merchant shall preserve an advertisement, or a digital copy of the advertisement, for not less than two years after the date the advertisement appeared. In the case of a radio, television, or Internet advertisement, a merchant may preserve a copy of the script or storyboard.

(6) A merchant shall make merchandise available to all consumers on the terms and conditions that appear in the advertisement.

(7) A rent-to-own agreement that is substantially modified, including a change that increases the consumer's payments or other obligations or diminishes the consumer's rights, shall be considered a new agreement subject to the requirements of this chapter.

(8) For each item of merchandise available under a rent-to-own agreement, a merchant shall keep an electronic or hard copy for a period of six years following the date the merchant ceases to own the merchandise:

(A) each rent-to-own agreement covering the item; and

(B) a record that establishes the merchant's cost for the item.

(9) A rent-to-own agreement executed by a merchant doing business in Vermont and a resident of Vermont shall be governed by Vermont law.

(10) If a rent-to-own agreement includes a provision requiring mediation or arbitration in the event of a dispute, the mediation or arbitration shall occur within Vermont.

(c) Cash price; total cost; maximum limits.

(1) The maximum cash price for an item of merchandise shall not exceed:

(A) for an appliance, 1.75 times the merchant's cost;

(B) for an item of electronics that has a merchant's cost of less than \$150.00, 1.75 times the merchant's cost;

(C) for an item of electronics that has a merchant's cost of \$150.00 or more, 2.00 times the merchant's cost;

(D) for an item of furniture or jewelry, 2.50 times the merchant's cost; and

(E) for any other item, 2.00 times the merchant's cost.

(2) The total cost for an item of merchandise shall not exceed two times the maximum cash price for the item.

(d) Disclosures in advertising. An advertisement shall state:

(1) the cash price of the item;

(2) that the merchandise is available under a rent-to-own agreement;

(3) the amount, frequency, and total number of payments required for ownership;

(4) the total cost for the item;

(5) the rent-to-own charge for the item; and

(6) that the consumer will not own the merchandise until the consumer pays the total cost for ownership.

(e) Disclosures on site. In addition to the information required in subsection (d) of this section, an advertisement at a merchant's place of business shall include:

(1) whether the item is new or used;

(2) when the merchant acquired the item; and

(3) the number of times a consumer has taken possession of the item under a rent-to-own agreement.

(f) Disclosures in rent-to-own agreement.

(1) The first page of a rent-to-own agreement shall include:

(A) a heading in bold-face type that reads: "IMPORTANT INFORMATION ABOUT THIS RENT-TO-OWN AGREEMENT. Do Not Sign this Agreement Before You Read It or If It Contains any Blank Spaces"; and

(B) the following information in the following order:

(i) the name, address, and contact information of the merchant;

(ii) the name, address, and contact information of the consumer;

(iii) the date of the transaction;

(iv) a description of the merchandise sufficient to identify the merchandise to the consumer and the merchant, including any applicable model and identification numbers;

(v) a statement whether the merchandise is new or used, and in the case of used merchandise, a description of the condition of, and any damage to, the merchandise.

(2) A rent-to-own agreement shall include the following cost disclosures, printed and grouped as indicated below, immediately preceding the signature lines:

(1) Cash Price: \_\_\_\_\_ \$ \_\_\_\_\_

(2) Payments required to become owner:

\$ \_\_\_\_\_ / (weekly)(biweekly)(monthly) × (# of payments) = \$ \_\_\_\_\_

(3) Mandatory charges, fees, and taxes required to become owner (itemize):

\_\_\_\_\_ \$ \_\_\_\_\_

\_\_\_\_\_ \$ \_\_\_\_\_

\_\_\_\_\_ \$ \_\_\_\_\_

Total required taxes, fees, and charges: \_\_\_\_\_ \$ \_\_\_\_\_

(4) Total cost: \_\_\_\_\_ (2) + (3) = \$ \_\_\_\_\_

(5) Rent-to-Own Charge: \_\_\_\_\_ (4) - (1) = \$ \_\_\_\_\_

(g) Required provisions of rent-to-own agreement. A rent-to-own agreement shall provide:

(1) a statement of payment due dates;

(2) a line-item list of any other charges or fees the consumer could be charged or have the option of paying in the course of acquiring ownership or during or after the term of the agreement;

(3) that the consumer will not own the merchandise until he or she makes all of the required payments for ownership;

(4) that the consumer has the right to receive a receipt for a payment and, upon reasonable notice, a written statement of account;

(5) who is responsible for service, maintenance, and repair of an item of merchandise;

(6) that, except in the case of the consumer's negligence or abuse, if the merchant must retake possession of the merchandise for maintenance, repair, or service, or the item cannot be repaired, the merchant is responsible for providing the consumer with a replacement item of equal quality and comparable design;

(7) the maximum amount of the consumer's liability for damage or loss to the merchandise in the case of the consumer's negligence or abuse;

(8) a description of a manufacturer's warranty or other warranty on the merchandise, which may be in a separate document furnished to the consumer;

(9) a description of any insurance required of the consumer, or a statement that the consumer is not required to purchase insurance and a description of any insurance purchased by the consumer;

(10) an explanation of the consumer's options to purchase the merchandise;

(11) an explanation of the merchant's right to repossess the merchandise; and

(12) an explanation of the parties' respective rights to terminate the agreement, and to reinstate the agreement.

(h) Prohibited provisions of rent-to-own agreement. A rent-to-own agreement shall not contain a provision:

(1) requiring a confession of judgment;

(2) requiring a garnishment of wages;

(3) authorizing a merchant or its agent to enter unlawfully upon the consumer's premises or to commit any breach of the peace in the repossession of property;

(4) requiring the consumer to waive any defense, counterclaim, or right of action against the merchant or its agent in collection of payment under the agreement or in the repossession of property; or

(5) requiring the consumer to purchase insurance from the merchant to cover the property.

(i) Option to purchase. Notwithstanding any other provision of this section, at any time after the first payment a consumer who is not in violation of a rent-to-own agreement may acquire ownership of the merchandise covered by the agreement by paying an amount equal to the cash price of the merchandise minus 50 percent of the value of the consumer's previous payments.

(j) Collections; repossession of merchandise; prohibited acts. When attempting to collect a debt or enforce an obligation under a rent-to-own agreement, a merchant shall not:

(1) call or visit a consumer's workplace after a request by the consumer or his or her employer not to do so;

(2) use profanity or any language to abuse, ridicule, or degrade a consumer;

(3) repeatedly call, leave messages, knock on doors, or ring doorbells;

(4) ask someone, other than a spouse, to make a payment on behalf of a

consumer;

(5) obtain payment through a consumer's bank, credit card, or other account without authorization;

(6) speak with a consumer more than six times per week to discuss an overdue account;

(7) engage in violence;

(8) trespass;

(9) call or visit a consumer at home or work after receiving legal notice that the consumer has filed for bankruptcy;

(10) impersonate others;

(11) discuss a consumer's account with anyone other than a spouse of the consumer;

(12) threaten unwarranted legal action; or

(13) leave a recorded message for a consumer that includes anything other than the caller's name, contact information, and a courteous request that the consumer return the call.

(k) Reinstatement of agreement.

(1) A consumer who fails to make a timely payment may reinstate a rent-to-own agreement without losing any rights or options that exist under the agreement by paying all past-due charges, the reasonable costs of pickup, redelivery, and any refurbishing, and any applicable late fee:

(A) within five business days of the renewal date of the agreement if the consumer pays monthly; or

(B) within three business days of the renewal date of the agreement if the consumer pays more frequently than monthly.

(2) If a consumer promptly returns or voluntarily surrenders merchandise upon a merchant's request, the consumer may reinstate a rent-to-own agreement during a period of not less than 180 days after the date the merchant retakes possession of the merchandise.

(3) In the case of a rent-to-own agreement that is reinstated pursuant to this subsection, the merchant is not required to provide the consumer with the identical item of merchandise and may provide the consumer with a replacement item of equal quality and comparable design.

(l) Reasonable charges and fees. Any charge or fee assessed under a rent-to-own agreement shall be reasonably related to the actual cost to the merchant of the service or hardship for which it is charged.

(m) Prohibition on rent-to-own businesses and licensed lenders. A person engaged in the business of selling merchandise under a rent-to-own agreement subject to this section shall not engage in any conduct or business at the same physical location that would require a license under 8 V.S.A. chapter 73 (licensed lenders).

(n) Enforcement; remedies; damages. A person who violates this section commits an unfair and deceptive act in commerce in violation of section 2453 of this title.

*Sec. 2. EFFECTIVE DATE*

*This act shall take effect on July 1, 2015.*