

WEST VIRGINIA
SECRETARY OF STATE
KEN HECHLER
ADMINISTRATIVE LAW DIVISION

Form #1

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OFFICE OF WEST VIRGINIA
SECRETARY OF STATE

NOTICE OF PUBLIC HEARING ON A PROPOSED RULE

AGENCY: Attorney General TITLE NUMBER: 142
RULE TYPE: Legislative; CITE AUTHORITY W. Va. Code 46A-7-102 (e)
and 46A-6-103
AMENDMENT TO AN EXISTING RULE: YES ___ NO X

IF YES, SERIES NUMBER OF RULE BEING AMENDED: _____

TITLE OF RULE BEING AMENDED: _____

IF NO, SERIES NUMBER OF NEW RULE BEING PROPOSED: 15

TITLE OF RULE BEING PROPOSED: Legislative Rule on Consumer
Lease Disclosures in Rent to Own Transactions

EXTENSION OF COMMENT PERIOD

~~DATE OF PUBLIC HEARING~~ September 16, 1992 TIME: 1:00 p.m.

LOCATION OF PUBLIC HEARING: _____

COMMENTS LIMITED TO: ORAL ___ , WRITTEN X , BOTH ___

COMMENTS MAY ALSO BE MAILED TO THE FOLLOWING ADDRESS: WV Attorney General
812 Quarrier Street
6th Floor
Charleston, WV 25301

The Department requests that persons wishing to make comments at the hearing make an effort to submit written comments in order to facilitate the review of these comments.

The issues to be heard shall be limited to the proposed rule.

ATTACH A **BRIEF** SUMMARY OF YOUR PROPOSAL

James C. Swales

WEST VIRGINIA
SECRETARY OF STATE
KEN HECHLER
ADMINISTRATIVE LAW DIVISION

Form #1

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1992 JUN -5 AM 10: 23

OFFICE OF WEST VIRGINIA
SECRETARY OF STATE

NOTICE OF PUBLIC HEARING ON A PROPOSED RULE

AGENCY: Attorney General TITLE NUMBER: 142
RULE TYPE: Legislative; CITE AUTHORITY W. Va. Code §§ 46A-7-102(e)
and 46A-6-103
AMENDMENT TO AN EXISTING RULE: YES ___ NO X

IF YES, SERIES NUMBER OF RULE BEING AMENDED: _____

TITLE OF RULE BEING AMENDED: _____

IF NO, SERIES NUMBER OF NEW RULE BEING PROPOSED: 15

TITLE OF RULE BEING PROPOSED: Legislative Rule on Consumer
Lease Disclosures in Rent to Own Transactions

DATE OF PUBLIC HEARING: September 9, 1992 TIME: 1 p.m.

LOCATION OF PUBLIC HEARING: Room 215 East Wing
State Capitol
Charleston, West Virginia 25305

COMMENTS LIMITED TO: ORAL ___ , WRITTEN ___ , BOTH X

COMMENTS MAY ALSO BE MAILED TO THE FOLLOWING ADDRESS: West Virginia Attorney
General's Office
812 Quarrier Street, 6th
Floor
Charleston, WV 25301

The Department requests that persons wishing to make
comments at the hearing make an effort to submit written
comments in order to facilitate the review of these comments.

Attn: RTO Rule 15

The issues to be heard shall be limited to the proposed rule.

ATTACH A **BRIEF** SUMMARY OF YOUR PROPOSAL

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APPENDIX B

FISCAL NOTE FOR PROPOSED RULES

Rule Title: Legislative Rule on Consumer Lease Disclosures in Rent to Own Transactions

Type of Rule: Legislative Interpretive Procedural

Agency: Attorney General Address: 812 Quarrier Street, 6th Floor, Charleston, West Virginia 25301

1. Effect of Proposed Rule	ANNUAL		FISCAL YEAR		
	Increase	Decrease	Current	Next	Thereafter
Estimated Total Cost	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Personal Services	0	0	0	0	0
Current Expense	0	0	0	0	0
Repairs and Alterations	0	0	0	0	0
Equipment	0	0	0	0	0
Other	0	0	0	0	0

2. Explanation of above estimates:

The rule involves neither the collection of any additional revenue nor the expenditure of any additional state funds. Enforcement of the rule would be met by existing staff and agency budget.

3. Objectives of these rules:

To require that certain rent-to-own transactions be treated as consumer leases and require relevant disclosures to consumers about such lease terms which arise from rent-to-own transactions.

4. Explanation of Overall Economic Impact of Proposed Rule.

A. Economic Impact on State Government.

None

B. Economic Impact on Political Subdivisions; Specific Industries; Specific groups of citizens.

Will require the rent-to-own industry to substantially modify its practices by making various disclosures.

C. Economic Impact on Citizens/Public at Large.

Will provide consumers with information for comparative shopping purposes and give them various protections.

Date: Sept 4, 1992

Signature of Agency Head or Authorized Representative

Justin C. Winkler

TITLE 142
LEGISLATIVE RULE
ATTORNEY GENERAL

SERIES 15
LEGISLATIVE RULE ON CONSUMER LEASE DISCLOSURES
IN RENT TO OWN TRANSACTIONS

SUMMARY OF PROPOSED RULE

The purpose of the rule is to require that certain rent to own transactions be treated as consumer leases where it is the intention of the parties to transfer ownership by having the consumer make payments over a scheduled four month period; and to require that certain relevant disclosures to consumers be made as to the terms arising from such rent to own consumer lease transactions; thereby preventing evasion of West Virginia consumer law.

TITLE 142
LEGISLATIVE RULE
ATTORNEY GENERAL

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SERIES 15
LEGISLATIVE RULE ON CONSUMER LEASE DISCLOSURES
IN RENT TO OWN TRANSACTIONS

STATE OF WEST VIRGINIA
SECRETARY OF STATE

§142-15-1. General.

- 1.1. Rule Designation. -- This rule is legislative.
- 1.2. Scope. -- This legislative rule sets forth specific disclosure requirements for certain types of rental-purchase agreements as consumer leases, and defines certain deceptive acts or practices.
- 1.3. Authority. -- W. Va. Code §46A-7-102(e) and Code §46A-6-103.
- 1.4. Filing Date. --
- 1.5. Effective Date. --
- 1.6. Repeal of Former Rule. -- Not applicable.
- 1.7. Penalties. -- Except as otherwise indicated, a violation of this rule constitutes an unfair and deceptive act or practice in violation of the West Virginia Consumer Credit and Protection Act, W. Va. Code §46A-1-101 et seq.
- 1.8. Construction. -- This rule shall be liberally construed to effectuate the purposes of the West Virginia Consumer Credit and Protection Act, W. Va. Code §46A-1-101 et seq.
- 1.9. Severability. -- If, for any reason, any section, subsection, sentence, clause, phrase, or provision of this rule or the application thereof to any person or circumstance is held unconstitutional or invalid, such holding shall not affect other sections, subsections, sentences, clauses, phrases, or provisions which are hereby each declared severable.

§142-15-2. Definitions.

- 2.1. "Lessee" means any natural person who leases personal property under lease agreement, including any rental-purchase agreement.
- 2.2. "Lessor" means any person or organization who, in the ordinary course of business, leases, offers to lease, or acts as

an agent for the leasing of personal property under a lease agreement, including any rental-purchase agreement.

2.3. "Rental-purchase agreement" means an agreement for the use of property by an individual lessee for personal, family or household purposes in which the lessee has an option to renew the lease by making additional periodic payments after the initial period, and that permits, but does not obligate, the lessee to become the owner of the property.

§142-15-3. Disclosures for rental-purchase agreement consumer leases.

3.1. In any consumer lease structured as a rental-purchase agreement, the lessor shall disclose in clear type at least one half inch high on a tag prominently attached to every item of property displayed or offered for rental-purchase:

3.1.1. The cash price;

3.1.2. The amount of the periodic payment and any tax on the periodic payment;

3.1.3. The length of each payment period;

3.1.4. The total number of periodic payments required to complete the purchase under the rental-purchase agreement;

3.1.5. The total amount the lessee must pay to complete the purchase under the rental-purchase agreement including taxes, which may be separately itemized;

3.1.6. The imputed interest rate expressed as an annual percentage rate calculated from the difference in the cash price of the item and the total amount required to be paid in the agreement's schedule of payments excluding taxes, and as otherwise in accordance with proper determination of the annual percentage rate under federal law; and

3.1.7. Whether the good is new, used, or previously rented.

3.2. In any consumer lease structured as a rental-purchase agreement, the lessor shall disclose in clear bold type at least one-eighth inch high in the agreement, all information required in W. Va. Code §46A-2-111 or by subsection 3.1 of this rule, and in addition thereto state:

3.2.1. Whether the lessor is responsible for maintenance due to normal wear and tear;

3.2.2. The amount of any credits, if applicable, for sums paid pursuant to a previous rental-purchase agreement between the lessor and lessee for the same or replacement property and the amount of any credits for a trade-in allowance;

3.2.3. The amount, if applicable, of any delivery charges, taxes, and other sums which are required to be paid by law, and the description and amount of all other initial payments which must be paid at the beginning of the rental-purchase agreement in addition to the initial periodic payment;

3.2.4. The amount, if applicable, of all other charges, individually itemized, which may become payable by the lessee to the lessor that are not included in the disclosure of initial or periodic payments;

3.2.5. The party who is liable for loss or damage in excess of normal wear and tear;

3.2.6. The right, if any, of the lessee to reinstatement; the length of time the lessee has to reinstate, and the payments the lessee must make to reinstate the rental-purchase agreement or the manner in which such sums are calculated;

3.2.7. That the lessee has the option to accelerate the purchase of the property early during the lease term and the price or the formula or method by which such price will be determined;

3.2.8. Whether there is a transferrable manufacturer's warranty on the goods; and that if any part of a transferrable manufacturer's warranty exists on the rental-purchase property when the lessee acquires final ownership of the property, that warranty will be transferred to the lessee;

3.2.9. The amount of any late fee which may be charged by the lessor, which amount shall be in conformity to that permitted by W. Va. Code §46A-3-112 for a precomputed consumer credit sale; and

3.2.10. That the lessee may, but is not required, to purchase insurance or liability damage waiver with regard to damage or loss beyond normal wear and tear.