

1 TO THE HOUSE OF REPRESENTATIVES:

2 The Committee on Commerce & Economic Development to which was
3 referred Senate Bill No. 73 entitled “An act relating to rent-to-own agreements
4 for merchandise” respectfully reports that it has considered the same and
5 recommends that the House propose to the Senate that the bill be amended by
6 striking out all after the enacting clause and inserting in lieu thereof the
7 following:

8 * * * Consumer Rent-to-Own Agreements * * *

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

10 § 41b. RENT-TO-OWN AGREEMENTS; DISCLOSURE OF TERMS

11 ~~(a) The attorney general shall adopt by rule standards for the full and~~
12 ~~conspicuous disclosure to consumers of the terms of rent to own agreements.~~
13 ~~For purposes of this section a rent to own agreement means an agreement for~~
14 ~~the use of merchandise by a consumer for personal, family, or household~~
15 ~~purposes, for an initial period of four months or less, that is renewable with~~
16 ~~each payment after the initial period and that permits the lessee to become the~~
17 ~~owner of the property. An agreement that complies with this article is not a~~
18 ~~retail installment sales contract, agreement or obligation as defined in this~~
19 ~~chapter or a security interest as defined in section 1-201(37) of Title 9A.~~

20 ~~(b) The attorney general, or an aggrieved person, may enforce a violation~~
21 ~~of the rules adopted pursuant to this section as an unfair or deceptive act or~~

1 ~~practice in commerce under section 2453 of this title.~~

2 (a) Definitions. In this section:

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

6 (A) at a merchant’s place of business;

7 (B) on a merchant’s website;

8 (C) on television or radio.

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

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

16 (4) “Consumer” has the same meaning as in subsection 2451a(a) of this
17 title.

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

20 (A) real property;

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

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

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

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

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

7 (7) “Merchant’s cost” means the documented actual cost, including
8 actual freight charges, of merchandise to the merchant from a wholesaler,
9 distributor, supplier, or manufacturer and net of any discounts, rebates, and
10 incentives that are vested and calculable as to a specific item of merchandise at
11 the time the merchant accepts delivery of the merchandise.

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

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

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

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

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

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

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

1 (iii) a security interest as defined in section 9A V.S.A.

2 § 1-201(a)(35); or

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

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

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

12 (b) General requirements.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

15 (B) for an item of electronics that has a merchant's cost of less than
16 \$150.00, 1.75 times the merchant's cost;

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

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

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

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

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

4 (1) the cash price of the item;

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

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

8 (4) the total cost for the item;

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

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

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

15 (1) whether the item is new or used;

16 (2) when the merchant acquired the item; and

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

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

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

3 (A) a heading in bold-face type that reads: “IMPORTANT
4 INFORMATION ABOUT THIS RENT-TO-OWN AGREEMENT.

5 Do Not Sign this Agreement Before You Read It or If It Contains any Blank
6 Spaces”; and

7 (B) the following information in the following order:

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

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

10 (iii) the date of the transaction;

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

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

17 (2) A rent-to-own agreement shall include the following cost

18 disclosures, printed and grouped as indicated below, immediately preceding
19 the signature lines:

1 (1) Cash Price: _____ \$ _____

2 (2) Payments required to become owner:

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

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

5 _____ \$ _____

6 _____ \$ _____

7 _____ \$ _____

8 Total required taxes, fees, and charges: _____ \$ _____

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

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

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

13 (1) a statement of payment due dates;

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

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

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

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

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

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

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

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

15 (10) an explanation of the consumer’s options to purchase the
16 merchandise;

17 (11) an explanation of the merchant’s right to repossess the
18 merchandise; and

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

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

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

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

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

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

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

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

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

15 (7) engage in violence;

16 (8) trespass;

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

19 (10) impersonate others;

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

1 (12) threaten unwarranted legal action; or

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

5 (k) Reinstatement of agreement.

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

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

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

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

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

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

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

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

12 * * * Fees for Automatic Dialing Service * * *

13 Sec. 2. 9 V.S.A. § 2466b is added to read:

14 § 2466b. DISCLOSURE OF FEE FOR AUTOMATIC DIALING SERVICE

15 (a) Before executing a contract for the sale or lease of a home security
16 system, the seller or lessor of the system shall disclose in writing any fee the
17 seller or lessor charges to the buyer or lessee for automatic dialing services that
18 connect the security system to public emergency officials.

19 (b) A person who fails to provide the disclosure required by subsection (a)
20 of this section commits an unfair and deceptive act in commerce in violation of
21 section 2453 of this title.

1 (A) the claim is in Vermont; or

2 (B) the person resides or is domiciled in Vermont.

3 (2) “Consumer litigation funding” or “funding” means a nonrecourse
4 transaction in which a consumer litigation funding company purchases and a
5 consumer assigns to the company a contingent right to receive an amount of
6 the proceeds of a settlement or judgment obtained from the consumer’s legal
7 claim. If no proceeds are obtained, the consumer is not required to repay the
8 company the funded amount, any fees or charges, or any other sums.

9 (c) Requirements. Except as otherwise provided in this section, a company
10 is subject to the requirements of this chapter. A company shall pay to the
11 Commissioner the application, investigation, and renewal fees specified in
12 subdivisions 2202(b)(1) and 2209(a)(1) of this chapter. A company is not
13 subject to the provisions of this chapter that apply only to a mortgage broker or
14 mortgage loan originator, or both, but do not apply to other lenders licensed
15 under this chapter.

16 (d) Rate of interest. Notwithstanding any other provision of law to the
17 contrary, consumer litigation funding is not subject to an interest rate cap
18 established by State law or rule.

19 (e) Attorney prohibitions. An attorney or law firm retained by a consumer
20 shall not have a financial interest in the company offering funding to the

1 consumer, nor shall the attorney or law firm receive a referral fee or other
2 consideration from the company in connection with such funding.

3 * * * Internet Dating Services * * *

4 Sec. 5. 9 V.S.A. chapter 63, subchapter 8 is added to read:

5 Subchapter 8: Internet Dating Services

6 § 2482a. DEFINITIONS

7 In this chapter:

8 (1) “Account change” means a change to the password, email address,
9 identified gender, search criteria, or primary photo unless it has previously
10 been approved by the Internet dating service, or other conspicuous change to a
11 member’s account or profile with or on an Internet dating service.

12 (2) “Banned member” means the member whose account or profile is the
13 subject of a fraud ban.

14 (3) “Fraud ban” means barring a member’s account or profile from an
15 Internet dating service because, in the judgment of the service, the member
16 poses a significant risk of attempting to obtain money from other members
17 through fraudulent means.

18 (4) “Internet dating service” means a person or entity that is in the
19 business of providing dating services principally on or through the Internet.

1 (5) “Member” means a person who submits to an Internet dating service
2 information required to access the service and who obtains access to the
3 service.

4 (6) “Vermont member” means a member who provides a Vermont
5 residential or billing address or zip code when registering with the Internet
6 dating service.

7 § 2482b. REQUIREMENTS FOR INTERNET DATING SERVICES

8 An Internet dating service shall disclose in an email, text message, or other
9 appropriate means of communication, in a clear and conspicuous manner and
10 as soon as practicable, but in no event more than 24 hours, after the fraud ban
11 or discovery of the account change:

12 (1) To all of its Vermont members who have previously received and
13 responded to an onsite message through the Internet dating service, if known
14 by the Internet dating service, from a banned member:

15 (A) The user name, identification number or other profile identifier
16 of the banned member;

17 (B) The fact that the banned member was banned because in the
18 judgment of the Internet dating service the banned member may have been
19 using a false identify or may pose a significant risk of attempting to obtain
20 money from other members through fraudulent means;

1 (C) That a member should never send money or personal financial
2 information to another member;

3 (D) A hyperlink to online information that clearly and conspicuously
4 addresses tgeh subject of how to avoid being defrauded by another member of
5 an Internet dating service; and

6 (2) For any account change to a Vermont member’s account or profile:

7 (A) The fact that information on the member’s account or personal
8 profile has been changed;

9 (B) A brief description of the change; and

10 (C) If applicable, how the member may obtain further information on
11 the change.

12 § 2482c. IMMUNITY

13 An Internet dating service shall not be liable to any person for disclosing to
14 any member that it has banned a member, the user name or identifying
15 information of the banned member, or the reasons for the Internet dating
16 service’s decision to ban such member. This subchapter does not diminish or
17 adversely affect the protections for Internet dating services that are afforded by
18 Section 230 of the Federal Communications Decency Act.

19 § 2482d. VIOLATIONS

20 (a) A violation of this subchapter is deemed a violation of section 2453 of
21 this title.

1 (6) For purposes of this subsection, notice to consumers may be provided
2 by one of the following methods:

3 (A) Direct notice to consumers, which may be by one of the following
4 methods:

5 (i) Written notice mailed to the consumer's residence;

6 (ii) Electronic notice, for those consumers for whom the data
7 collector has a valid e-mail address if:

8 (I) ~~the data collector does not have contact information set forth~~
9 ~~in subdivisions (i) and (iii) of this subdivision (6)(A);~~ the data collector's
10 primary method of communication with the consumer is by electronic means,
11 the electronic notice does not request or contain a hypertext link to a request
12 that the consumer provide personal information, and the electronic notice
13 conspicuously warns consumers not to provide personal information in
14 response to electronic communications regarding security breaches; or

15 (II) the notice provided is consistent with the provisions
16 regarding electronic records and signatures for notices as set forth in 15 U.S.C.
17 § 7001; or

18 (iii) Telephonic notice, provided that telephonic contact is made
19 directly with each affected consumer, and the telephonic contact is not through
20 a prerecorded message.

1 (B) Substitute notice, if the data collector demonstrates that the cost
2 of providing written or telephonic notice, pursuant to subdivision (A)(i) or (iii)
3 of this subdivision (6), to affected consumers would exceed \$5,000.00 or that
4 the affected class of affected consumers to be provided written or telephonic
5 notice, pursuant to subdivision (A)(i) or (iii) of this subdivision (6), exceeds
6 5,000, or the data collector does not have sufficient contact information.

7 Substitute notice shall consist of all of the following:

8 (i) conspicuous posting of the notice on the data collector's website
9 page if the data collector maintains one; and

10 (ii) notification to major statewide and regional media.

11 (C) If a data collector who provides electronic notice to a consumer
12 does not receive acknowledgement of receipt from the consumer, or if the
13 electronic notice is returned to the data collector as undeliverable, the data
14 collector shall provide written notice to the consumer pursuant to subdivision
15 (6)(A)(i) of this subsection.

16 * * * Effective Dates * * *

17 Sec. 8. EFFECTIVE DATES

18 (a) This section and Secs. 1-4 and Secs. 6-7 shall take effect on July 1,
19 2015.

20 (b) In Sec. 5:

21 (1) 9 V.S.A. §§ 2482a, 2482c, and 2482d shall take effect on passage.

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(2) 9 V.S.A. § 2482b shall take effect on July 1, 2016.

(Committee vote: _____)

Representative _____

FOR THE COMMITTEE