



**Ninety-Seventh Legislature - First Session - 2001
Committee Statement
LB 641**

Hearing Date: February 12, 2001
Committee On: Banking, Commerce and Insurance

Introducers: (Landis)
Title: Change the Consumer Rental Purchase Agreement Act

Roll Call Vote – Final Committee Action:

- Advanced to General File
 - X Advanced to General File with Amendments
 - Indefinitely Postponed
-

Vote Results:

7	Yes	Senators Landis, Tyson, Aguilar, Bruning, Jensen, Kremer, Smith
	No	
	Present, not voting	
1	Absent	Senator Bourne

Proponents:

Senator David Landis
Dwight Dumler
Lyn Leach

Jeffrey Leach

Representing:

Introducer
Rentway, Inc.
Ace Furniture & TV Inc.
Association of Progressive Rental Organizations
New Ace Inc.
NE Association of Rental Dealers

Opponents:

Representing:

Neutral:

Sam Baird

Representing:

NE Department of Banking & Finance

Summary of purpose and/or changes:

LB 641 (Landis) would amend sections 69-2109 and 69-2110 of the Consumer Rental Purchase Agreement Act to provide that the parties may contract for premiums for insurance, fees for liability damage waiver, or similar products or services if (a) purchasing the product or service is optional and is not a factor in the approval of the transaction and such facts are disclosed in writing to the consumer, and (b) the consumer has signed or initialed a written request to purchase the product or service after receiving a written disclosure of the cost.

The bill would provide that the fees for the liability damage waiver shall be capped as follows:

(a) for an agreement with lease payments more frequent than monthly, the fee shall not exceed eight percent of any lease payment or two dollars for each lease payment, whichever is greater; and

(b) for an agreement with monthly lease payments, the fee shall not exceed eight percent of any lease payment or five dollars for each lease payment, whichever is greater.

The bill would also provide that the parties may contract for other products or services incidental to the consumer rental purchase transaction which do not evade the provisions of the Consumer Rental Purchase Agreement Act.

Explanation of amendments, if any:

The committee amendments would amend the bill, as introduced, as follows:

1. The committee amendments would amend section 69-2110 of the Consumer Rental Purchase Agreement Act (section 2 of the bill, as introduced) to provide that the lessor may contract for and receive a late fee of not more than three dollars on any payment not made within three business days after payment is due in the case of consumer rental purchase agreements with “more frequent than monthly” renewal dates (rather than “weekly or biweekly” renewal dates). This is intended to accommodate renewal dates of the first and fifteenth days of the month.

The committee amendments would amend new provisions in section 69-2110 by striking language which would allow the parties to contract for “premiums for insurance”. (The committee amendments would make no change in accompanying new language which would allow the parties to contract for fees for liability damage waiver.)

The committee amendments would further amend new provisions in section 69-2110, in two instances, to change “rental purchase agreement” to “consumer rental purchase agreement” because the latter term is the correct defined term in section 69-2103 of the Consumer Rental Purchase Agreement Act.

The committee amendments would insert the provisions of LB 743 (Landis), as follows:

2. The committee amendments would insert and amend section 69-2103 of the Consumer Rental Purchase Agreement Act (the definition section) to (1) provide that the definition of “advertisement” does “not include in-store merchandising aids such as window signs and ceiling banners”, (2) provide new defined terms “lease payment” and “lease period”, and (3) provide a new defined term “total of payments to acquire ownership” which means the total of all charges imposed by the lessor, including lease payments and any initial nonrefundable administrative fee or required delivery charge, but not including taxes, late charges, reinstatement fees, or charges for optional products or services.

3. The committee amendments would insert and amend section 69-2104 of Consumer Rental Purchase Agreement Act to provide that the consumer disclosures shall include, among

other items: (1) the number, amount, and timing of all payments “included in the total of payments” to acquire ownership (rather than the total, amount, and timing of all “lease” payments “necessary” to acquire ownership “of the property”); (2) the total “of” payments to acquire ownership (rather than the total “amount of all initial and periodic” payments “and other charges” to acquire ownership “of the property pursuant to the ownership provisions of the consumer rental purchase agreement”); (3) a statement that the consumer will not own the property until the consumer has “paid” the total of payments to acquire ownership “plus applicable taxes” (rather than a statement that the consumer will not own the property until the consumer has “made the stated number of payments and” the total “dollar amount” of payments “necessary” to acquire ownership); (4) a statement that the total of payments “to acquire ownership” does not include other charges such as “taxes, late charges, reinstatement fees, or charges for optional products or services the consumer may have elected to purchase” and that the consumer should see the “rental purchase agreement” for an explanation of these charges (rather than a statement that the total of payments does not include other charges such as “late fees” and that the consumer should see the “contract” for an explanation of these charges); (5) a statement that the consumer is responsible for the fair market value, “remaining rent, early purchase option amount, or cost of repair” of the property, “whichever is less,” if it is lost, stolen, damaged, or destroyed (rather than a statement that the consumer is responsible for the fair market value of the property if it is lost, stolen, damaged, or destroyed); (6) the total “amount of the” initial payments required to be paid before consummation of the agreement or delivery of the property, whichever occurs later “, and an itemization of the components of the initial payment, including any initial nonrefundable administrative fee or delivery charge, lease payment, taxes, or fee or charge for optional products or services” (rather the total “of” initial payments required to be paid before consummation of the agreement or delivery of the property, whichever occurs later) and (7) a statement that at any time after the first periodic payment is made the consumer may acquire ownership of the property by tendering “an amount which may not exceed” fifty-five percent of the difference between the total of payments to acquire ownership and the total of lease payments the consumer has paid on the property at that time.

4. The committee amendments would insert and amend section 69-2105 of the Consumer Rental Purchase Agreement Act to provide that (1) “For purposes of satisfying the disclosure requirements of the act, the terms lease and rent shall be considered synonymous” and (2) “If the disclosures are made on more than one page, each page shall be signed by the consumer.”

5. The committee amendments would amend sections 69-2108, 69-2112, and 69-2113 of the Consumer Rental Purchase Agreement Act to provide for proper use of new defined terms “lease payment,” and “total of payments to acquire ownership”. (The committee amendments would add these new definitions to section 69-2103.)

6. The committee amendments would insert and amend section 69-2115 of the Consumer Rental Purchase Agreement Act to provide: “With respect to the dollar amount of any disclosure required by the act, a lessor shall not be liable if the dollar amount actually disclosed is greater than the dollar amount required to be disclosed by the act.”

Senator David M. Landis, Chairperson

