

1 AN ACT

2 relating to certain rental-purchase agreements.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

4 SECTION 1. Section 92.001, Business & Commerce Code, is
5 amended to read as follows:

6 Sec. 92.001. DEFINITIONS. (a) In this chapter:

7 (1) "Advertisement" means a commercial message in any
8 medium that directly or indirectly promotes or assists a
9 rental-purchase agreement.

10 (3) "Consumer" means an individual who leases personal
11 property under a rental-purchase agreement.

12 (5) "Loss damage waiver" means a merchant's agreement
13 to not hold a consumer liable for loss from all or part of any damage
14 to merchandise.

15 (6) "Merchandise" means the personal property that is
16 the subject of a rental-purchase agreement.

17 (7) "Merchant" means a person who, in the ordinary
18 course of business, regularly leases, offers to lease, or arranges
19 for the leasing of merchandise under a rental-purchase agreement.
20 The term includes a person who is assigned an interest in a
21 rental-purchase agreement.

22 (8) "Rental-purchase agreement" means an agreement
23 under which a consumer may use merchandise for personal, family, or
24 household purposes for an initial period of four months or less, and

1 that:

2 (A) is automatically renewable with each payment
3 after the initial period; and

4 (B) permits the consumer to become the owner of
5 the merchandise.

6 (b) For purposes of this chapter, merchandise is displayed
7 or offered to consumers primarily for lease under a rental-purchase
8 agreement if the merchandise is displayed or offered at a place of
9 business that derives at least 50 percent of its revenue from
10 rental-purchase agreements.

11 SECTION 2. Subchapter A, Chapter 92, Business & Commerce
12 Code, is amended by adding Section 92.003 to read as follows:

13 Sec. 92.003. POINT-OF-RENTAL DISCLOSURES. (a) If
14 merchandise is not displayed or offered to consumers primarily for
15 lease under a rental-purchase agreement, the merchant shall make
16 the following disclosures to a consumer before presenting a
17 rental-purchase agreement for specific merchandise to the consumer
18 for execution:

19 (1) the price for which the merchant would sell the
20 merchandise to the consumer for cash on the date of the disclosure;

21 (2) the amount of the periodic payments that would be
22 provided for in the agreement if it is executed on the date of the
23 disclosure; and

24 (3) the total number and amount of periodic payments
25 necessary to acquire ownership of the merchandise under the
26 agreement if it is executed on the date of the disclosure.

27 (b) The disclosures required by Subsection (a) must be made

1 separately from the rental-purchase agreement.

2 SECTION 3. Subchapter B, Chapter 92, Business & Commerce
3 Code, is amended by adding Section 92.0535 to read as follows:

4 Sec. 92.0535. ACKNOWLEDGMENT REQUIRED FOR CERTAIN
5 AGREEMENTS. If merchandise is not displayed or offered to
6 consumers primarily for lease under a rental-purchase agreement,
7 the merchant shall provide to the consumer at the time the agreement
8 is presented to the consumer the additional disclosures prescribed
9 by this section. The disclosures must:

10 (1) be entitled "Acknowledgment of Rental-Purchase
11 Transaction";

12 (2) be on a separate page;

13 (3) be signed by the consumer; and

14 (4) include an acknowledgment that the consumer
15 understands the consumer is entering into a rental-purchase
16 agreement and that:

17 (A) under the agreement, the consumer does not
18 own the merchandise but may acquire ownership rights by complying
19 with the ownership option terms specified in the agreement;

20 (B) the agreement is not a credit transaction;

21 (C) if provided by the agreement, the consumer
22 has the right to return the merchandise at any time without
23 additional charge or penalty, and, on the merchandise's return, the
24 consumer will owe only unpaid rental charges and fees;

25 (D) if the consumer fails to make a timely
26 payment, the consumer has a right to reinstate the agreement as
27 provided by the agreement and, if the merchandise is returned, the

1 consumer is entitled to rent the same merchandise or substitute
2 merchandise of comparable quality and condition if the consumer
3 complies with the agreement and any applicable law; and

4 (E) the consumer has reviewed and understands the
5 agreement, including the consumer's right and options to acquire
6 ownership of the merchandise and the total cost of the merchandise
7 if all scheduled payments are made.

8 SECTION 4. Section 92.0535, Business & Commerce Code, as
9 added by this Act, applies only to a rental-purchase agreement
10 entered into on or after the effective date of this Act. A
11 rental-purchase agreement entered into before the effective date of
12 this Act is governed by the law in effect on the date the
13 rental-purchase agreement was entered into, and the former law is
14 continued in effect for that purpose.

15 SECTION 5. This Act takes effect September 1, 2017.

President of the Senate

Speaker of the House

I certify that H.B. No. 1859 was passed by the House on April 28, 2017, by the following vote: Yeas 120, Nays 12, 2 present, not voting; and that the House concurred in Senate amendments to H.B. No. 1859 on May 21, 2017, by the following vote: Yeas 120, Nays 11, 2 present, not voting.

Chief Clerk of the House

I certify that H.B. No. 1859 was passed by the Senate, with amendments, on May 19, 2017, by the following vote: Yeas 29, Nays 2.

Secretary of the Senate

APPROVED: _____

Date

Governor