

MAINE STATE LEGISLATURE

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120th MAINE LEGISLATURE

FIRST REGULAR SESSION-2001

Legislative Document

No. 951

H.P. 731

House of Representatives, February 20, 2001

An Act Relating to Rent-to-own Purchases.

Submitted by the Department of the Attorney General pursuant to Joint Rule 204.
Reference to the Committee on Business and Economic Development suggested and
ordered printed.

Millicent M. MacFarland

MILLICENT M. MacFARLAND, Clerk

Presented by Representative BRANNIGAN of Portland.
Cosponsored by Senator BROMLEY of Cumberland and
Representative BRYANT of Dixfield.

2 **Be it enacted by the People of the State of Maine as follows:**

4 **Sec. 1. 9-A MRSA §11-105, sub-§3**, as enacted by PL 1991, c. 787, is amended to read:

6 3. "Cash price" means the price for which the merchant would sell the property to the consumer for cash on the date of the rental-purchase agreement. The "cash price" must be reasonably related to the current fair market value of the property.

12 **Sec. 2. 9-A MRSA §11-108, sub-§1, ¶C**, as enacted by PL 1991, c. 787, is amended to read:

14 C. A statement that the consumer is responsible for the current fair market value of the property if, and as of the time, it is stolen, damaged or destroyed;

18 **Sec. 3. 9-A MRSA §11-109, sub-§§11 and 12**, as enacted by PL 1991, c. 787, are amended to read:

22 11. A provision for payment by a cosigner of the rental-purchase agreement of any fees or charges that could not be assessed to the consumer as part of the rental-purchase agreement; ~~or~~

26 12. An offer of insurance from the merchant to the consumer; ~~or~~

30 **Sec. 4. 9-A MRSA §11-109, sub-§13** is enacted to read:

32 13. A cash price that is attributed to the goods that are subject to the rental-purchase agreement that does not accurately reflect the current fair market value of the goods.

36 **Sec. 5. 9-A MRSA §11-110-A** is enacted to read:

38 **§11-110-A. Calculation of cash price**

40 When calculating the current cash price of an item the merchant shall take into account the following factors:

42 1. The actual price originally paid by the merchant for the item;

46 2. Whether the item is currently used or new or was originally purchased used or new;

48 3. The number of times the item has already been the subject of a rental-purchase agreement and whether it has been repaired one or more times;

2 4. Whether the consumer price of the general class of items
4 to which the item belongs has decreased since the merchant
 originally purchased it;

6 5. If the item is new, recently published prices or
8 advertisements by retailers of similar new products in the same
 market area; and

10 6. If the item is used, the condition of the item.

12 The merchant shall keep up-to-date records concerning these
14 factors and make a good faith effort to determine the item's fair
 market value when assigning it a cash price.

16 **Sec. 6. 9-A MRSA §11-122** is enacted to read:

18 §11-122. Unfair trade practice

20 Violation of this chapter is prima facie evidence of an
22 unfair trade practice and violation of Title 5, section 207.

24 SUMMARY

26 The purpose of this bill is to help ensure that consumers
28 who enter into rent-to-own contracts and who eventually purchase
 the item are charged a price that is based on the actual fair
 market value of the item.