ASSEMBLY CONSUMER AFFAIRS AND REGULATED PROFESSIONS COMMITTEE

STATEMENT TO

ASSEMBLY, No. 2700

with committee amendments

STATE OF NEW JERSEY

DATED: FEBRUARY 10, 1997

The Assembly Consumer Affairs and Regulated Professions Committee reports favorably and with committee amendments Assembly Bill No. 2700.

As amended, the bill defines and regulates rental-purchase agreements involving personal property used for personal, family or household purposes.

The bill provides that rental-purchase agreements are not to be treated as retail installment contracts, retail charge accounts, credit sales, or consumer leases.

The bill specifies disclosures required and prohibits the inclusion of certain provisions in rental-purchase agreements; provides for the reinstatement of the rental-purchase agreement after failure of the consumer to make a timely payment; provides an early purchase option after initial payment; and provides the conditions under which a consumer, who has suffered loss due to a violation of any provision of the act by a merchant, may seek to recover certain costs.

The bill further defines what a rental-purchase agreement is by excluding credit sales and consumer rentals or leases as defined in federal law or regulation and provides that, for those rental or lease-purchase agreements specifically subject to the provisions of the federal Consumer Credit Protection Act, compliance with the disclosure requirements of that act satisfies disclosure requirements of the bill.

The amendment to the bill clarifies that if the rental property is stolen, damaged, or destroyed, the consumer is responsible for the fair market value of the property, according to an "early buy-out formula." A further amendment defines" early buy-out formula" as the cash price of the property less half of the amount of rental payments made.