



State of Wisconsin  
2017 - 2018 LEGISLATURE

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**SENATE SUBSTITUTE AMENDMENT 2,  
TO SENATE BILL 637**

March 15, 2018 - Offered by COMMITTEE ON AGRICULTURE, SMALL BUSINESS AND  
TOURISM.

1 **AN ACT** *to create* 409.109 (4) (n), chapter 420 and 421.202 (11) of the statutes;  
2 **relating to:** regulation of rental-purchase agreements and granting  
3 rule-making authority.

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***Analysis by the Legislative Reference Bureau***

This substitute amendment creates requirements that specifically apply to rental-purchase agreements, imposes requirements on rental-purchase companies, and exempts rental-purchase companies and rental-purchase agreements from the Wisconsin Consumer Act (consumer act).

Under current law, a consumer credit transaction that is entered into for personal, family, or household purposes is generally subject to the consumer act. The consumer act grants consumers certain rights and remedies and contains notice and disclosure requirements and prohibitions relating to consumer credit transactions, including credit sales and consumer leases that have a term of more than four months. In addition, the consumer act applies to any other consumer lease, if the lessee pays or agrees to pay at least an amount that is substantially equal to the value of the leased property and if the lessee will become, or for not more than a nominal additional payment has the option to become, the owner of the leased property.

This substitute amendment defines a “rental-purchase agreement” as an agreement between a rental-purchase company and a lessee for the use of rental property if all of the following apply: 1) the rental property is of the type typically

used for personal, family, or household purposes; 2) the agreement has an initial term of four months or less and is renewable with each payment after the initial term; 3) the agreement does not obligate or require the lessee to renew the agreement beyond the initial term; and 4) the agreement permits, but does not obligate, the lessee to acquire ownership of the rental property. For purposes of a rental-purchase agreement, “rental property” does not include motor vehicles. A “rental-purchase company” is defined as a person engaged in the business of entering into rental-purchase agreements in this state or acquiring rental-purchase agreements that are entered into in this state, but does not include a person only in the business of renting musical instruments used in schools.

Under the substitute amendment, every rental-purchase agreement must contain certain provisions, including the following, to the extent applicable:

1. A description of the rental property.
2. The cash price of the rental property.
3. The total amount of the rental payments necessary to acquire ownership of the property.
4. The difference between the amount described under item 3., above, and the cash price of the rental property.
5. The total amount of the initial payment due when the rental-purchase agreement is executed or the rental property is delivered.
6. The rental payment necessary to renew the rental-purchase agreement.
7. An itemized description of any other charges or fees the rental-purchase company may charge upon the occurrence of a contingency specified in the rental-purchase agreement, as well as certain other charges and fees.
8. A statement of, and information related to, the lessee’s early-purchase option.
9. A statement of the lessee’s responsibility in the event of theft of or damage to the rental property.
10. A statement that, with certain exceptions, the rental-purchase company is required to service the rental property and maintain it in good working condition.
11. A statement that the lessee may terminate the rental-purchase agreement at any time, without penalty, by surrendering the rental property in good repair.
12. An explanation of the lessee’s right to reinstate the rental-purchase agreement.
13. A statement that the lessee will not own the rental property until the lessee exercises an early-purchase option or makes all payments necessary to acquire ownership.

All required provisions of a rental-purchase agreement must be clearly and conspicuously disclosed to the lessee in the rental-purchase agreement in at least eight-point standard type, except for certain provisions that must be disclosed in at least ten-point boldface type. The substitute amendment also requires the rental-purchase company to provide the lessee, or one lessee if there are multiple lessees under the same agreement, with a copy of the executed rental-purchase agreement. The substitute amendment also includes certain disclosure requirements for property subject to a rental-purchase agreement if the property is

not displayed or offered at a physical location that derives 50 percent or more of its revenues from rental-purchase agreements.

The substitute amendment also prohibits the inclusion of certain provisions in a rental-purchase agreement. The prohibited provisions include the following: 1) a confession of judgment; 2) a provision granting the rental-purchase company permission to enter the lessee's residence or commit a breach of the peace in repossessing the rental property; 3) a waiver of any defense or counterclaim or any provision of the substitute amendment's requirements; 4) a provision requiring rental payments totaling more than the total dollar amount of all rental payments necessary to acquire ownership; and 5) a provision requiring the lessee to purchase insurance from the rental-purchase company to insure the rental property. The substitute amendment also prohibits a rental-purchase company from charging a lessee a late fee and from charging a lessee an insufficient funds fee or credit card charge-back fee greater than \$15.

The substitute amendment allows a rental-purchase company and lessee to contract for, and allows the rental-purchase company to charge a fee for, a liability damage waiver, but the fee may not exceed 10 percent of the periodic rental payment. The substitute amendment imposes various requirements with respect to such a liability damage waiver and specifies that the waiver is not insurance.

Under the substitute amendment, a lessee may reinstate a rental-purchase agreement that has ended without losing any rights or options previously acquired if all of the following apply: 1) the lessee voluntarily returned or surrendered the rental property within seven days after the expiration of the rental-purchase agreement; and 2) not more than 365 days have passed after the date on which the rental-purchase agreement ended. As a condition of reinstatement, the rental-purchase company may require the payment of all past-due rental charges, the rental payment for the next term, and a reinstatement fee not to exceed \$5 or \$8, depending on the circumstances. Upon reinstatement, the rental-purchase company must provide the lessee with the same rental property or with substitute property of comparable quality and condition.

Under the substitute amendment, a rental-purchase company must provide the lessee with a receipt for any payment made by the lessee in cash, or upon request, for any other type of payment. With certain exceptions, upon the request of a lessee, a rental-purchase company must also provide the lessee or a person the lessee designates with a copy of the lessee's payment history. The rental-purchase company may charge a fee if a lessee or designated person requests more than one copy in any 12-month period.

The substitute amendment creates requirements for advertising rental-purchase transactions. With certain exceptions, the substitute amendment requires a rental-purchase company to display a card or tag on or next to any rental-purchase property offered for rent, indicating whether the property is new or used and indicating the cash price of the property, the amount and timing of the rental payments, and the total number and total amount of all rental payments necessary to acquire ownership of the property. In addition, a rental-purchase company must ensure that an advertisement for a rental-purchase agreement that

refers to the amount of a payment for a specific item of property also states that the advertisement is for a rental-purchase agreement and that the lessee does not acquire ownership of the property if the lessee fails to make all payments necessary to acquire ownership. The advertisement must also include the total number and total dollar amount of all rental payments necessary to acquire ownership of the property.

Under the substitute amendment, a rental-purchase company that violates any of the provisions of the substitute amendment, or any applicable rule or order of the Department of Financial Institutions, pertaining to a lessee is liable to the lessee in an amount equal to the greater of the following: 1) the actual damages sustained by the lessee as a result of the violation; 2) if the action is not brought as a class action, 25 percent of the total payments necessary for the lessee to acquire ownership of the rental property, but not less than \$100 nor more than \$1,000; or 3) if the action is brought as a class action, the amount the court determines to be appropriate. However, there are three limitations on such an award of damages. First, a rental-purchase company is not liable for any violation if the rental-purchase company shows by a preponderance of the evidence that the violation was not intentional and resulted from a bona fide error, and the rental-purchase company maintained procedures reasonably adapted to avoid such an error. Second, a rental-purchase company is not liable for any violation if the rental-purchase company notifies the consumer of its noncompliance and corrects the noncompliance within 45 days. Third, in a class action or series of class actions, the total recovery by all lessees arising out of the same violation may not be more than the lesser of \$500,000 or 1 percent of the net worth of the rental-purchase company. If a court awards any monetary amount of damages to a lessee, the rental-purchase company is also liable to the lessee for the costs of the action and reasonable attorney fees.

Under the substitute amendment, within 30 days after commencing business in this state, a rental-purchase company must file with DFI a notice that includes each location where the rental-purchase company conducts rental-purchase operations in this state. The rental-purchase company must thereafter annually file with DFI a list of locations where the rental-purchase company conducts rental-purchase operations in this state and must pay an annual fee based on the number of locations but not to exceed a maximum of \$2,500.

With some limitations, the substitute amendment allows DFI to promulgate rules necessary to administer and enforce the requirements of the substitute amendment. Although DFI may by rule develop a model rental-purchase agreement, DFI may not require its use, although use of the form creates a conclusive presumption of compliance with certain provisions of the substitute amendment. DFI's rules may not establish requirements for rental-purchase agreements beyond those established in the substitute amendment and may not include provisions that are more restrictive than those in the substitute amendment.

Under the substitute amendment, rental-purchase agreements entered into by rental-purchase companies that have provided notice to DFI are not subject to the consumer act or to the security interest provisions of UCC Article 9.

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*The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:*

**SECTION 1.** 409.109 (4) (n) of the statutes is created to read:

409.109 (4) (n) Rental-purchase agreements entered into by a rental-purchase company that has provided notice to the department of financial institutions under ch. 420.

**SECTION 2.** Chapter 420 of the statutes is created to read:

## **CHAPTER 420**

### **RENTAL-PURCHASE COMPANIES**

**420.01 Definitions.** In this chapter:

(1) "Cash price" means the price at which a rental-purchase company would sell rental property to the lessee of the rental property if the lessee were to pay for the rental property in full on the date on which the rental-purchase agreement is executed.

(2) "Charge-back fee" means a charge or fee for a payment that is denied or dishonored by a credit card provider.

(3) "Department" means the department of financial institutions.

(4) "Displayed or offered primarily for rental-purchase," with respect to rental property, means rental property displayed or offered at a physical location that derives 50 percent or more of its revenues from rental-purchase agreements.

(5) "Insufficient funds fee" means a charge or fee for the return of a check, electronic funds transfer, or other payment instrument that is denied or dishonored.

1           **(6)** “Rental property” means property rented under a rental-purchase  
2 agreement but does not include any motor vehicle, as defined in s. 340.01 (35).

3           **(7)** “Rental-purchase agreement” means an agreement between a  
4 rental-purchase company and a lessee for the use of rental property if all of the  
5 following apply:

6           (a) The rental property is of the type typically used for personal, family, or  
7 household purposes.

8           (b) The agreement has an initial term of 4 months or less and is renewable with  
9 each payment after the initial term.

10          (c) The agreement does not obligate or require the lessee to renew the  
11 agreement beyond the initial term.

12          (d) The agreement permits, but does not obligate, the lessee to acquire  
13 ownership of the rental property.

14          **(8)** “Rental-purchase company” means a person engaged in the business of  
15 entering into rental-purchase agreements in this state or acquiring rental-purchase  
16 agreements that are entered into in this state, but does not include a person only in  
17 the business of renting musical instruments that are intended to be used in whole  
18 or in part in an elementary school or high school.

19           **420.02 General requirements of disclosure. (1)** FORM, LOCATION, SIZE, AND  
20 TIME OF DISCLOSURE. The information that is required to be disclosed under s. 420.03  
21 shall satisfy all of the following:

22           (a) The information shall be clearly and conspicuously disclosed.

23           (b) The information shall be disclosed in writing.

24           (c) Except as provided in par. (f), the information shall be disclosed in the  
25 rental-purchase agreement above the line for the lessee’s signature. Multiple pages

1 or backs of pages may be used as long as the final page of the rental-purchase  
2 agreement is signed by the lessee and other pages are signed or initialed by the  
3 lessee.

4 (d) Except as provided in par. (f), the information shall be disclosed in not less  
5 than 8-point standard type.

6 (e) The information shall be disclosed before the time that the lessee becomes  
7 legally obligated under the rental-purchase agreement.

8 (f) The disclosures required by s. 420.03 (2), (3), (4), and (5) shall be printed in  
9 at least 10-point boldface type on the face of the rental-purchase agreement, and  
10 shall be grouped together in a box, in the form and order prescribed by the  
11 department.

12 **(2) ACCURACY OF DISCLOSURE.** The information required under s. 420.03 must  
13 be accurate as of the time that it is disclosed to the lessee. If any information  
14 subsequently becomes inaccurate as a result of any act, occurrence, or agreement by  
15 the lessee, the resulting inaccuracy is not a violation of any provision of this chapter  
16 relating to rental-purchase agreements.

17 **(3) COPY OF RENTAL-PURCHASE AGREEMENT.** The rental-purchase company shall  
18 provide the lessee with a copy of the completed rental-purchase agreement signed  
19 by the lessee. If more than one lessee is legally obligated under the same  
20 rental-purchase agreement, delivery of a copy of the completed rental-purchase  
21 agreement to one of the lessees shall satisfy this subsection.

22 **420.03 Required provisions of rental-purchase agreement.** A  
23 rental-purchase company shall include all of the following information, to the extent  
24 applicable, in every rental-purchase agreement:

1           **(1) DESCRIPTION.** A brief description of the rental property, sufficient to identify  
2 the rental property to the lessee and the rental-purchase company, including any  
3 identification number, and a statement indicating whether the rental property is  
4 new or used. A statement that new rental property is used shall not be a violation  
5 of this chapter.

6           **(2) CASH PRICE.** The cash price of the rental property.

7           **(3) RENTAL PAYMENTS TO ACQUIRE OWNERSHIP.** The total number, total dollar  
8 amount, and timing of all rental payments necessary to acquire ownership of the  
9 rental property, excluding any applicable taxes, application or processing charge,  
10 delivery fee, liability damage waiver fee, and fees for optional services.

11           **(4) COST OF RENTAL SERVICES.** The difference between the total dollar amount  
12 of payments necessary to acquire ownership of the rental property disclosed under  
13 sub. (3) and the cash price of the property disclosed under sub. (2). The  
14 rental-purchase company shall also include a statement substantially similar to the  
15 following: “The cost of rental services is the amount you will pay in addition to the  
16 cash price if you acquire ownership of the rented goods by making all payments  
17 necessary to acquire ownership.”

18           **(5) PERIODIC RENEWAL PAYMENT.** The rental payment necessary to renew the  
19 rental-purchase agreement, not including any applicable taxes and fees for optional  
20 services to which the lessee agrees.

21           **(6) INITIAL PAYMENT.** The total amount of the initial payment to be made by the  
22 lessee at the time that the rental-purchase agreement is executed or the rental  
23 property is delivered, including the initial rental payment, any application or  
24 processing charge, any delivery fee, and fees for other optional services to which the  
25 lessee agrees.



1           **(7) OTHER CHARGES.** An itemized description of any other charges or fees that  
2           the rental-purchase company may charge upon the occurrence of a contingency  
3           specified in the rental-purchase agreement, such as a reinstatement fee or, subject  
4           to s. 420.07, a charge-back fee or insufficient funds fee, as well as any applicable  
5           taxes, fees for optional services, application or processing charges, and delivery fees  
6           that are not included in the initial payment under sub. (6).

7           **(8) SUMMARY OF EARLY-PURCHASE OPTION.** A statement that the lessee has an  
8           early purchase option to purchase the property at any time during the period that  
9           the rental-purchase agreement is in effect. The statement must specify the price or  
10          the formula or other method for determining the price at which the property may be  
11          purchased.

12          **(9) RESPONSIBILITY FOR THEFT OR DAMAGE.** A statement that, unless otherwise  
13          agreed, in the event the rental property is stolen, damaged, or destroyed while in the  
14          possession of, or subject to the control of, the lessee, the lessee is responsible for an  
15          amount equal to the lesser of the amount required to exercise the early-purchase  
16          option as provided in sub. (8) or 55 percent of the scheduled remaining periodic  
17          payments, but in no event in an amount greater than the cash price.

18          **(10) SERVICE AND WARRANTY.** A statement that, during the term of the rental-  
19          purchase agreement, the rental-purchase company is required to service the rental  
20          property and maintain it in good working condition, as long as no other person has  
21          serviced the rental property. In lieu of servicing the rental property, the  
22          rental-purchase company may, at its option, replace the rental property with  
23          substitute property of comparable quality and condition. The rental-purchase  
24          company's obligation to provide service is limited to defects in the property not

1 caused by improper use or neglect by the lessee or harmful conditions outside the  
2 control of the rental-purchase company or manufacturer.

3 (11) TERMINATION AT OPTION OF LESSEE. A statement that the lessee may  
4 terminate the agreement at any time without penalty by voluntarily surrendering  
5 or returning the rental property in good repair.

6 (12) RIGHT TO REINSTATE. A brief explanation of the lessee's right to reinstate  
7 a rental-purchase agreement under s. 420.06.

8 (13) RENTAL, NOT PURCHASE. A statement reading substantially as follows: "You  
9 are renting this property. You will not own the property until you make all payments  
10 necessary to acquire ownership or until you exercise your early-purchase option. If  
11 you do not make your payments as scheduled or exercise your early-purchase option,  
12 the rental-purchase company is entitled to immediate possession of the property."

13 (14) INFORMATION ABOUT RENTAL-PURCHASE COMPANY AND LESSEE. The names of  
14 the rental-purchase company and the lessee, the rental-purchase company's  
15 business address and telephone number, the lessee's address, and the date on which  
16 the rental-purchase agreement is executed.

17 (15) OPTIONAL SERVICES. Space for a specific, separately signed or initialed,  
18 affirmative, written indication of the lessee's desire for any optional service for which  
19 a charge is assessed. The lessee's request must be obtained after a written disclosure  
20 of the cost of the optional service is made, and the disclosure of the cost and purpose  
21 of such service must be listed at or near the affirmation space. This requirement is  
22 satisfied by a separate written agreement for an optional service that meets the  
23 requirements of this subsection.

24 **420.04 Prohibited provisions of rental-purchase agreements.** A  
25 rental-purchase agreement may not contain any of the following:

1           **(1) CONFESSION.** A confession of judgment.

2           **(2) REPOSSESSION.** A provision authorizing a rental-purchase company, or an  
3 agent of the rental-purchase company, to enter the lessee's residence without the  
4 lessee's permission, or to commit a breach of the peace in the repossession of rental  
5 property provided by the rental-purchase company under the rental-purchase  
6 agreement.

7           **(3) WAIVER.** A waiver of a defense or counterclaim, a waiver of any right to  
8 assert any claim that the lessee may have against the rental-purchase company or  
9 an agent of the rental-purchase company, or a waiver of any provision of this chapter  
10 relating to rental-purchase agreements.

11           **(4) OVERPAYMENT.** A provision requiring rental payments totaling more than  
12 the total dollar amount of all rental payments necessary to acquire ownership, as  
13 disclosed in the rental-purchase agreement.

14           **(5) INSURANCE.** A provision requiring the lessee to purchase insurance from the  
15 rental-purchase company to insure the rental property.

16           **420.05 Disclosures for certain rental-purchase agreements. (1)**

17           DISCLOSURE FOR PROPERTY NOT DISPLAYED OR OFFERED PRIMARILY FOR RENTAL-PURCHASE.

18           When property that is not displayed or offered primarily for rental-purchase is  
19 offered for rental-purchase, all of the following shall be separately disclosed prior to  
20 displaying or presenting a rental-purchase agreement to a lessee for execution:

21           (a) The cash price of the property.

22           (b) The amount of the periodic renewal payment.

23           (c) The total dollar amount of all periodic rental payments necessary to acquire  
24 ownership if the lessee makes all scheduled payments.

1           **(2) ADDITIONAL DISCLOSURES FOR PROPERTY NOT DISPLAYED OR OFFERED PRIMARILY**  
2           **FOR RENTAL-PURCHASE.** In addition to the disclosures required by s. 420.03, if the  
3           property that is the subject of a rental-purchase agreement was not displayed or  
4           offered primarily for rental-purchase prior to the rental-purchase transaction, all  
5           of the following additional disclosures shall be made on a separate page titled  
6           “Acknowledgment of Rental-Purchase Transaction” and signed by the lessee:

7           (a) The agreement is a rental-purchase agreement and the lessee does not own  
8           the property, but can obtain ownership by using ownership options provided in the  
9           agreement.

10          (b) The agreement is not a credit transaction.

11          (c) The lessee has the right to return the property to the lessor without  
12          additional charge or penalty at any time and will owe nothing further except unpaid  
13          rental charges and fees.

14          (d) If the lessee returns the property, the agreement offers reinstatement rights  
15          that allow the lessee to get the property back if the lessee has complied with the  
16          agreement and the law.

17          (e) The lessee has reviewed and understands the agreement, including the  
18          purchase option rights and the total cost if all scheduled payments are made.

19           **420.06 Reinstatement of a rental-purchase agreement. (1)**

20           **REINSTATEMENT GENERALLY.** Subject to sub. (2), a lessee may reinstate a  
21           rental-purchase agreement that has ended without losing any rights or options  
22           previously acquired if all of the following apply:

23           (a) The lessee voluntarily returned or surrendered the rental property within  
24           7 days after the expiration of the rental-purchase agreement.

1 (b) Not more than 365 days have passed after the date on which the  
2 rental-purchase agreement ended.

3 (2) AUTHORIZED CONDITIONS ON REINSTATEMENT. As a condition of reinstatement  
4 under sub. (1), the rental-purchase company may require the payment of all  
5 past-due rental charges, the rental payment for the next term, and a reinstatement  
6 fee not to exceed \$8 for agreements renewed on a monthly basis or \$5 for agreements  
7 renewed more frequently than monthly.

8 (3) EFFECT OF REPOSSESSION ON REINSTATEMENT. Subject to s. 420.04 (2), nothing  
9 in this section prohibits a rental-purchase company from repossessing or attempting  
10 to repossess rental property when a rental-purchase agreement is not renewed, but  
11 such efforts do not affect the lessee's right to reinstate as long as the rental property  
12 is voluntarily returned or surrendered within 7 days after the rental-purchase  
13 agreement expires.

14 (4) PROPERTY AVAILABLE UPON REINSTATEMENT. Upon reinstatement, the  
15 rental-purchase company shall provide the lessee with the same rental property, if  
16 the property is available and is in the same condition as when it was returned to the  
17 rental-purchase company, or with substitute property of comparable quality and  
18 condition.

19 **420.07 Certain fees prohibited.** A rental-purchase company may not  
20 charge a lessee any late fee in connection with any past-due rental charges or  
21 reinstatement of a rental-purchase agreement and may not charge a lessee any  
22 charge-back fee or insufficient funds fee that exceeds \$15 for each attempted  
23 payment that is denied or dishonored.

1           **420.08 Receipts and statements. (1) RECEIPTS.** A rental-purchase company  
2 shall provide a written receipt to the lessee for any payment made by the lessee in  
3 cash or, upon the request of the lessee, for any other type of payment.

4           **(2) STATEMENT DUE TO LESSEE.** Subject to sub. (4), upon the request of a lessee,  
5 a rental-purchase company shall provide a written statement to the lessee showing  
6 the lessee's payment history on each rental-purchase agreement between the lessee  
7 and the rental-purchase company. A rental-purchase company is not required to  
8 provide a statement covering any rental-purchase agreement that ended more than  
9 one year prior to the date of the lessee's request. A rental-purchase company may  
10 provide a single statement covering all rental-purchase agreements or separate  
11 statements for each rental-purchase agreement, at the rental-purchase company's  
12 option.

13           **(3) STATEMENT DUE TO OTHER PARTIES.** Subject to sub. (4), upon the written  
14 request of a lessee, made during the term of or no later than one year after the  
15 rental-purchase agreement ended, a rental-purchase company shall provide a  
16 written statement to any person the lessee designates, showing the lessee's payment  
17 history under the rental-purchase agreement.

18           **(4) FEE FOR STATEMENT.** A lessee or, if appropriate, a lessee's designee, is entitled  
19 to receive one statement under subs. (2) and (3) without charge once every 12  
20 months. A rental-purchase company shall provide an additional statement if the  
21 lessee pays the rental-purchase company's reasonable costs of preparing and  
22 furnishing the statement.

23           **420.09 Liability damage waiver. (1) WAIVER PERMISSIBLE.** A  
24 rental-purchase company and a lessee may contract for a liability damage waiver.

1 A rental-purchase company may charge a periodic fee for a liability damage waiver  
2 in an amount not to exceed 10 percent of the periodic rental payment.

3 **(2) REQUIREMENTS FOR WAIVER.** A rental-purchase company may not sell a  
4 liability damage waiver unless all of the following apply:

5 (a) The contract containing the waiver is provided to the lessee in writing,  
6 either by incorporating it into the rental-purchase agreement or by providing it as  
7 a separate document.

8 (b) The face of the writing under par. (a) clearly discloses that the lessee is not  
9 required to purchase the waiver.

10 (c) The contract clearly discloses the dollar amount of the fee to be paid with  
11 each rental payment.

12 (d) The lessee expressly agrees to the waiver in writing.

13 **(3) SCOPE OF WAIVER.** The liability damage waiver may exclude only loss or  
14 damage to the property that is the subject of the rental-purchase agreement caused  
15 by moisture, scratches, mysterious disappearance, vandalism, abandonment of the  
16 property, or any other damage intentionally caused by the lessee or that results from  
17 the lessee's willful or wanton misconduct.

18 **(4) WAIVER CANCELLATION.** The lessee is entitled to cancel the waiver at the end  
19 of any rental term.

20 **(5) WAIVER IS NOT INSURANCE.** A liability damage waiver is not insurance.

21 **420.10 Advertising disclosure required.** If an advertisement for a  
22 rental-purchase agreement states the amount of a payment for a specific item of  
23 property, the advertisement shall also clearly and conspicuously state all of the  
24 following:

25 **(1)** That the transaction advertised is a rental-purchase agreement.

1           **(2)** The total number and total dollar amount of all rental payments necessary  
2 to acquire ownership of the property.

3           **(3)** That the lessee does not acquire ownership of the property if the lessee fails  
4 to make all payments necessary to acquire ownership of the property.

5           **420.11 Price cards displayed. (1) PRICE CARDS GENERALLY.** Except as  
6 provided in sub. (2), a card or tag that clearly and conspicuously states all of the  
7 following shall be displayed on or next to any property displayed or offered primarily  
8 for rental-purchase by a rental-purchase company for rent under a rental-purchase  
9 agreement:

10           (a) The cash price that a lessee would pay to purchase the property.

11           (b) The amount and timing of the rental payments.

12           (c) The total number and total amount of all rental payments necessary to  
13 acquire ownership of the property under a rental-purchase agreement.

14           (d) Whether the property is new or used.

15           **(2) EXCEPTIONS.** If property is offered for rent under a rental-purchase  
16 agreement through a catalog, whether print or electronic, or if the size of the property  
17 is such that displaying a card or tag on or next to the property would be impractical,  
18 a rental-purchase company may make the disclosures required under sub. (1) in a  
19 catalog, list, or disclosure sheet if the catalog, list, or disclosure sheet is readily  
20 available to prospective lessees and provided upon request.

21           **420.12 Notice to the department. (1) INITIAL NOTICE.** A rental-purchase  
22 company shall file notice with the department, in the form and manner prescribed  
23 by the department, within 30 days after commencing business in this state. The  
24 notice shall set forth the location of each place of business in this state where the  
25 rental-purchase company conducts any operations regulated under this chapter.



1           **(2) ANNUAL NOTICE.** After filing the initial notice in sub. (1), a rental-purchase  
2           company shall file annually, on or before January 31 of each year, in the form and  
3           manner prescribed by the department, a list setting forth the location of each place  
4           of business in this state where the rental-purchase company conducts any  
5           operations regulated under this chapter.

6           **(3) ANNUAL FEE.** (a) A rental-purchase company shall remit an annual fee with  
7           the report required by sub. (2). The amount of the annual fee shall be calculated  
8           according to the sum of the following, but may not exceed \$2,500:

9           1. One hundred dollars for each of the first 10 locations in the state.

10          2. Fifty dollars for each additional location in this state.

11          (b) If a rental-purchase company fails to timely pay the annual fee on or before  
12          January 31, the department shall provide written notice to the rental-purchase  
13          company. If the rental-purchase company fails to pay within 30 days after issuance  
14          of this notice, the department may order the rental-purchase company to cease  
15          operating until the annual fee is paid.

16          **420.13 Rule making. (1) GENERALLY.** Subject to subs. (2) and (3), the  
17          department may promulgate rules under ch. 227 necessary to administer and  
18          enforce the requirements of this chapter.

19          **(2) MODEL AGREEMENT.** A rule promulgated by the department may include a  
20          model rental-purchase agreement that meets the requirements of this chapter. The  
21          department may not require a rental-purchase company to use this form, but if a  
22          rental-purchase company does use this form, the form is conclusively presumed to  
23          have been executed in compliance with ss. 420.02, 420.03, and 420.04.

24          **(3) PROHIBITED RULES.** No rule promulgated by the department may do any of  
25          the following:

1 (a) Require disclosures not explicitly required or permitted by this chapter.

2 (b) Establish a requirement for, or limitation on, the pricing offered to a  
3 consumer by a rental-purchase company.

4 (c) Establish any other requirement for, or limitation on, a rental-purchase  
5 agreement not explicitly required or permitted by this chapter or that is more  
6 restrictive than this chapter.

7 **420.14 Penalties. (1) AWARD OF DAMAGES.** Subject to subs. (3) and (6), a  
8 rental-purchase company that violates any provision of this chapter, rule  
9 promulgated under this chapter, or order issued under this chapter pertaining to a  
10 lessee is liable to the lessee in an amount equal to the greater of the following:

11 (a) The actual damages sustained by the lessee as a result of the violation.

12 (b) If the action is not brought as a class action, 25 percent of the total payments  
13 necessary for the lessee to acquire ownership of the rental property, but not less than  
14 \$100 nor more than \$1,000.

15 (c) If the action is brought as a class action, the amount the court determines  
16 to be appropriate, subject to sub. (2).

17 **(2) DAMAGE LIMITATIONS IN CLASS ACTIONS.** The total recovery by all lessees in  
18 any class action or series of class actions arising out of the same violation may not  
19 be more than the lesser of \$500,000 or 1 percent of the net worth of the  
20 rental-purchase company. In determining the amount of any award in a class action,  
21 the court shall consider, among other relevant factors, the amount of actual damages  
22 awarded, the frequency and persistence of the violation, the rental-purchase  
23 company's resources, and the extent to which the rental-purchase company's  
24 violation was intentional.

1           **(3) UNINTENTIONAL VIOLATIONS.** A rental-purchase company is not liable for any  
2 violation of this chapter if the rental-purchase company shows by a preponderance  
3 of the evidence that the violation was not intentional and resulted from a bona fide  
4 error, and the rental-purchase company maintained procedures reasonably adapted  
5 to avoid such an error.

6           **(4) COSTS AND ATTORNEY FEES.** If a court awards any monetary amount under  
7 sub. (1) to a lessee, the rental-purchase company shall also be liable to the lessee for  
8 the costs of the action and, notwithstanding s. 814.04 (1), for reasonable attorney fees  
9 as determined by the court.

10           **(5) EXCLUSIVE PENALTIES FOR VIOLATIONS OF THIS CHAPTER; APPLICABILITY OF OTHER**  
11 **LAWS.** (a) The penalties under this section and ss. 100.18 and 100.20 provide the  
12 exclusive remedies for a violation of any provision of this chapter, rule promulgated  
13 under this chapter, or order issued under this chapter. The application of the  
14 penalties under this section and ss. 100.18 and 100.20 are all subject to subs. (3) and  
15 (6).

16           (b) Except as provided in par. (a) and s. 420.15, laws other than this chapter  
17 that relate to a transaction governed by this chapter are not preempted by this  
18 chapter.

19           **(6) CURE OF NONCOMPLIANCE.** A rental-purchase company is not liable for any  
20 violation of any provision of this chapter, rule promulgated under this chapter, or  
21 order issued under this chapter if the rental-purchase company notifies the  
22 consumer of its noncompliance with this chapter, rule promulgated under this  
23 chapter, or order issued under this chapter and corrects the noncompliance within  
24 45 days of the earliest of any of the following:

25           (a) The receipt of a written notice of the noncompliance from the consumer.

1 (b) The discovery of the noncompliance by the rental-purchase company.

2 **420.15 Inapplicability of Consumer Act and ch. 409.** A rental-purchase  
3 company that has provided notice to the department under this chapter is not, with  
4 respect to rental-purchase agreements entered into by the rental-purchase  
5 company, subject to the Wisconsin Consumer Act, chs. 421 to 427, or any related rule  
6 or order adopted under chs. 421 to 427, or to any provision of ch. 409, and any  
7 rental-purchase agreement entered into by such a rental-purchase company shall  
8 not be construed or regulated as a security interest, credit sale, retail installment  
9 sale, conditional sale, or any other form of consumer credit, nor considered to be the  
10 creation of a debt or extension of credit.

11 **SECTION 3.** 421.202 (11) of the statutes is created to read:

12 421.202 (11) Rental-purchase agreements entered into by a rental-purchase  
13 company that has provided notice to the department of financial institutions under  
14 ch. 420.

15 **SECTION 4. Initial applicability.**

16 (1) This act first applies to rental-purchase agreements, and conduct pursuant  
17 to those agreements, that are entered into on the effective date of this subsection.

18 **SECTION 5. Effective date.**

19 (1) This act takes effect on the first day of the 7th month beginning after  
20 publication.

21 (END)