

1 STATE OF OKLAHOMA

2 1st Session of the 56th Legislature (2017)

3 SENATE BILL 102

By: Newberry

6 AS INTRODUCED

7 An Act relating to consumer protection; prohibiting
8 automatic renewal provision in rental contracts;
9 providing exception; construing provision; amending
10 59 O.S. 2011, Section 1955, as amended by Section 3,
11 Chapter 278, O.S.L. 2016 (59 O.S. Supp. 2016, Section
12 1955), which relates to the Oklahoma Rental-Purchase
13 Act; modifying jurisdiction and venue for review;
14 providing for codification; and providing an
15 effective date.

16 BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

17 SECTION 1. NEW LAW A new section of law to be codified
18 in the Oklahoma Statutes as Section 222 of Title 15, unless there is
19 created a duplication in numbering, reads as follows:

20 No contract for the rental of goods or rental-related services
21 where all or substantially all of the contract terms are drafted by
22 the provider of such goods or services shall contain any automatic
23 renewal provision that extends the initial term of the contract for
24 any period longer than six (6) months, unless the contract provides
the nondrafting party with the ability to terminate at any time
during the renewal period without penalty by providing notice of not
more than sixty (60) days. Nothing in this section shall be

1 construed to prohibit the parties to the contract from entering into
2 a new contract at the end of the initial term of the contract or at
3 any time after an extension of the contract as provided by this
4 section.

5 SECTION 2. AMENDATORY 59 O.S. 2011, Section 1955, as
6 amended by Section 3, Chapter 278, O.S.L. 2016 (59 O.S. Supp. 2016,
7 Section 1955), is amended to read as follows:

8 Section 1955. A. A consumer damaged by a violation of the
9 Oklahoma Rental-Purchase Act by a lessor is entitled to recover from
10 the lessor:

11 1. Actual damages;

12 2. Twenty-five percent (25%) of an amount equal to the total
13 amount of payments required to obtain ownership of the merchandise
14 involved, except that the amount recovered under this section shall
15 not be less than One Hundred Dollars (\$100.00) nor more than One
16 Thousand Dollars (\$1,000.00), or in the case of a class action, an
17 amount the court may allow, except that as to each member of the
18 class no minimum recovery may be applicable and the total recovery
19 other than for actual damages in any class action or series of class
20 actions arising out of the same failure to comply by the same lessor
21 shall not be more than the lesser of Five Hundred Thousand Dollars
22 (\$500,000.00) or one percent (1%) of the net worth of the lessor;
23 and

24 3. Reasonable attorney fees and court costs.

1 B. In addition to the enforcement powers provided in Section 6-
2 102 of Title 14A of the Oklahoma Statutes, the Administrator of
3 Consumer Credit or a duly authorized representative of the
4 Administrator may investigate the books, accounts, papers,
5 correspondence and records of any lessor licensed under the Oklahoma
6 Rental-Purchase Act. For the purposes of this section, any person
7 who advertises for, solicits or holds himself or herself out as
8 willing to make rental-purchase transactions, shall be presumed to
9 be a rental-purchase lessor. Each lessor shall pay to the
10 Administrator an examination fee as prescribed by rule of the
11 Commission on Consumer Credit. The Administrator may require
12 payment of an examination fee either at the time of initial
13 application, renewal of the license, or after an examination has
14 been conducted.

15 C. The Administrator may promulgate rules and regulations
16 necessary for the enforcement of the Oklahoma Rental-Purchase Act
17 and consistent with all its provisions.

18 D. The Administrator shall appoint an independent hearing
19 examiner to conduct all administrative hearings involving alleged
20 violations of the Oklahoma Rental-Purchase Act. The independent
21 hearing examiner shall have authority to exercise all powers granted
22 by Article II of the Administrative Procedures Act in conducting
23 hearings. The independent hearing examiner shall have authority to
24 recommend penalties authorized by the Oklahoma Rental-Purchase Act

1 and issue proposed orders, with proposed findings of fact and
2 proposed conclusions of law, to the Administrator pursuant to
3 Article II of the Administrative Procedures Act. The Administrator
4 shall review the proposed order and issue a final agency order in
5 accordance with Article II of the Administrative Procedures Act.
6 Any person aggrieved by a final agency order of the Administrator
7 may obtain judicial review in accordance with the Administrative
8 Procedures Act. The jurisdiction and venue of any such action shall
9 be in the district court of Oklahoma County or the county of the
10 aggrieved. Hearing costs may be assessed against the respondent,
11 unless the respondent is the prevailing party.

12 E. After notice and hearing, the Administrator may decline to
13 renew a license, or suspend or revoke any license issued pursuant to
14 the Oklahoma Rental-Purchase Act for violating any provision of the
15 Oklahoma Rental-Purchase Act or any rules promulgated by the
16 Administrator, or in lieu of or in addition to such denial,
17 suspension or revocation, order the refund of any unlawful or
18 excessive fees, enter a cease and desist order or impose an
19 administrative fine in an amount not less than One Hundred Dollars
20 (\$100.00) nor more than Two Thousand Five Hundred Dollars
21 (\$2,500.00) for each violation of the Oklahoma Rental-Purchase Act,
22 not to exceed Five Thousand Dollars (\$5,000.00) for all violations
23 of a lessor.
24

1 F. Except as otherwise expressly provided in the Oklahoma
2 Rental-Purchase Act, the Administrative Procedures Act, Sections
3 250.3 through 323 of Title 75 of the Oklahoma Statutes, applies to
4 and governs all administrative actions and civil proceedings taken
5 by the Administrator pursuant to the Oklahoma Rental-Purchase Act.

6 G. Where there are multiple lessees to a rental-purchase
7 agreement, there shall be no more than one recovery under the
8 Oklahoma Rental-Purchase Act for a violation.

9 H. A lessor is not liable under the Oklahoma Rental-Purchase
10 Act for a violation thereof caused by the lessor's error if before
11 the sixtieth day after the date the lessor discovers the error, and
12 before an action under this section is filed or written notice of
13 the error is received by the lessor from the lessee, the lessor
14 gives the lessee written notice of the error and makes adjustments
15 in the lessee's account as necessary to ensure that the lessee will
16 not be required to pay an amount in excess of the amount disclosed
17 and that the agreement otherwise complies with this subsection. Nor
18 may a lessor be held liable in any action brought under the Oklahoma
19 Rental-Purchase Act for a violation of the Oklahoma Rental-Purchase
20 Act if the lessor shows by a preponderance of the evidence that the
21 violation was not intentional and resulted from a bona fide error
22 notwithstanding the maintenance of procedures reasonably adopted to
23 avoid the error. A bona fide error includes, but is not limited to,
24 a clerical, calculation, computer malfunction in programming, and

1 printing error, but not an error of legal judgment with respect to a
2 lessor's disclosure obligations under the Oklahoma Rental-Purchase
3 Act.

4 I. Any entity or individual offering to engage or engaged as a
5 rental-purchase lessor in this state without a license shall be
6 subject to an administrative fine not to exceed Five Thousand
7 Dollars (\$5,000.00).

8 J. The Administrator may impose an administrative fine as
9 prescribed in subsection I of this section, after notice and hearing
10 in accordance with Article II of the Administrative Procedures Act.
11 Any administrative order or settlement agreement may be enforced in
12 the same manner as civil judgments in this state. The Administrator
13 may file an application to enforce an administrative order or
14 settlement agreement in the district court of Oklahoma County.

15 SECTION 3. This act shall become effective November 1, 2017.
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