
SENATE BILL 5673

State of Washington

62nd Legislature

2011 Regular Session

By Senator Swecker

Read first time 02/04/11. Referred to Committee on Labor, Commerce & Consumer Protection.

1 AN ACT Relating to leases incident to service contracts; and
2 amending RCW 63.10.040.

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

4 **Sec. 1.** RCW 63.10.040 and 1998 c 113 s 2 are each amended to read
5 as follows:

6 (1) In any lease contract subject to this chapter, the following
7 items, as applicable, shall be disclosed:

8 (a) A brief description of the leased property, sufficient to
9 identify the property to the lessee and lessor.

10 (b) The total amount of any payment, such as a refundable security
11 deposit paid by cash, check, or similar means, advance payment,
12 capitalized cost reduction, or any trade-in allowance, appropriately
13 identified, to be paid by the lessee at consummation of the lease.

14 (c) The number, amount, and due dates or periods of payments
15 scheduled under the lease and the total amount of the periodic
16 payments.

17 (d) The total amount paid or payable by the lessee during the lease
18 term for official fees, registration, certificate of title, license
19 fees, or taxes.

1 (e) The total amount of all other charges, individually itemized,
2 payable by the lessee to the lessor, which are not included in the
3 periodic payments. This total includes the amount of any liabilities
4 the lease imposes upon the lessee at the end of the term, but excludes
5 the potential difference between the estimated and realized values
6 required to be disclosed under (m) of this subsection.

7 (f) A brief identification of insurance in connection with the
8 lease including (i) if provided or paid for by the lessor, the types
9 and amounts of coverages and cost to the lessee, or (ii) if not
10 provided or paid for by the lessor, the types and amounts of coverages
11 required of the lessee.

12 (g) A statement identifying any express warranties or guarantees
13 available to the lessee made by the lessor or manufacturer with respect
14 to the leased property.

15 (h) An identification of the party responsible for maintaining or
16 servicing the leased property together with a brief description of the
17 responsibility, and a statement of reasonable standards for wear and
18 use, if the lessor sets such standards.

19 (i) A description of any security interest, other than a security
20 deposit disclosed under (b) of this subsection, held or to be retained
21 by the lessor in connection with the lease and a clear identification
22 of the property to which the security interest relates.

23 (j) The amount or method of determining the amount of any penalty
24 or other charge for delinquency, default, or late payments.

25 (k) A statement of whether or not the lessee has the option to
26 purchase the leased property and, if at the end of the lease term, at
27 what price, and, if prior to the end of the lease term, at what time,
28 and the price or method of determining the price.

29 (l) A statement of the conditions under which the lessee or lessor
30 may terminate the lease prior to the end of the lease term and the
31 amount or method of determining the amount of any penalty or other
32 charge for early termination.

33 (m) A statement that the lessee shall be liable for the difference
34 between the estimated value of the property and its realized value at
35 early termination or the end of the lease term, if such liability
36 exists.

37 (n) Where the lessee's liability at early termination or at the end
38 of the lease term is based on the estimated value of the leased

1 property, a statement that the lessee may obtain at the end of the
2 lease term or at early termination, at the lessee's expense, a
3 professional appraisal of the value which could be realized at sale of
4 the leased property by an independent third party agreed to by the
5 lessee and the lessor, which appraisal shall be final and binding on
6 the parties.

7 (o) Where the lessee's liability at the end of the lease term is
8 based upon the estimated value of the leased property:

9 (i) The value of the property at consummation of the lease, the
10 itemized total lease obligation at the end of the lease term, and the
11 difference between them.

12 (ii) That there is a rebuttable presumption that the estimated
13 value of the leased property at the end of the lease term is
14 unreasonable and not in good faith to the extent that it exceeds the
15 realized value by more than three times the average payment allocable
16 to a monthly period, and that the lessor cannot collect the amount of
17 such excess liability unless the lessor brings a successful action in
18 court in which the lessor pays the lessee's attorney's fees, and that
19 this provision regarding the presumption and attorney's fees does not
20 apply to the extent the excess of estimated value over realized value
21 is due to unreasonable wear or use, or excessive use.

22 (iii) A statement that the requirements of (o)(ii) of this
23 subsection do not preclude the right of a willing lessee to make any
24 mutually agreeable final adjustment regarding such excess liability.

25 (p) In consumer leases of motor vehicles:

26 (i) The gross capitalized cost stated as a total and the identity
27 of the components listed in the definition of gross capitalized cost
28 and the respective amount of each component;

29 (ii) Any capitalized cost reduction stated as a total;

30 (iii) A statement of adjusted capitalized cost;

31 (iv) If the lessee trades in a motor vehicle, the amount of any
32 sales tax exemption for the agreed value of the traded vehicle and any
33 reduction in the periodic payments resulting from the application of
34 the sales tax exemption shall be disclosed in the lease contract; and

35 (v) A statement of the total amount to be paid prior to or at
36 consummation or by delivery, if delivery occurs after consummation.
37 The lessor shall itemize each component by type and amount and shall
38 itemize how the total amount will be paid, by type and amount.

1 (2) Where disclosures required under this chapter are the same as
2 those required under Title I of the federal consumer protection act (90
3 Stat. 257, 15 U.S.C. Sec. 1667 et seq.), which is also known as the
4 federal consumer leasing act, as of the date upon which the consumer
5 lease is executed, disclosures complying with the federal consumer
6 leasing act shall be deemed to comply with the disclosure requirements
7 of this chapter: PROVIDED, That a lease incident to a service contract
8 must disclose all requirements under this chapter, even if exempted
9 under Title I of the federal consumer protection act (90 Stat. 257, 15
10 U.S.C. Sec. 1667 et seq.), which is also known as the federal consumer
11 leasing act.

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