Consumer Lease

Issue: If Flora goes to Rent A Center and signs an agreement to make monthly payments in exchange for a Rent A Center washer and dryer for 19 months and then at the end has the opportunity to pay a final payment to own the washing machine and dryer instead of returning the units. Is this a sales contract or consumer lease? Rule: Lease: agreement between the owner of property and a tenant by which the former agrees to give possession of the property to the latter for payment of rent. Consumer Lease: lease of goods by a natural person for personal, family, or household use. No consumer lease: lease that does not satisfy the definition of a consumer lease; also known as a commercial lease. Commercial lease: any no consumer lease. Sales Contract: legal contract for a purchase between a buyer and seller with an agreed upon value in money. Analysis: Yes Flora has entered into a consumer lease because Rent A Center is leasing her a washing machine and dryer for her own personal use in her home. Whereas a no consumer lease or commercial lease would be leasing the items for business purposes. Due to Rent A Center giving the offer for Flora to fully buy out the washer and dryer at the end of the contract this would be a sales contract. Due to a sales contract being a purchase between a buyer and seller with an agreed upon value in money. The agreement between Rent A Center and Flora is not great. Leasing in general has its benefits and then negatives. If an individual like Flora cannot pay upfront $600 for a new washer and dryer then leasing is the best option since it will be a low monthly payment. If Flora returns the units after the 19 month contract she ends up not owning the washer and dryer and she is down $1,481.24 (ended up paying $881.24 more than if she would have just purchased for $600) and resulting back to the issue of having no washer and dryer. Purchasing the washer and dryer would fall under Article 2 of the Uniform Commercial Code. A sale of goods (washer and dryer) defined under Article 2 as a transfer of title to tangible personal property for a price. If she buys the washer and dryer out in the end she has then paid double of what she could have buying them new. It is the common scenario of a company taking advantage of the consumer and up charging due to convenience such as low monthly payments. Contracts for sales of goods over $500 must be in writing, so yes, Flora and Rent A Center need to have this contract in writing. Conclusion: The above leasing agreement is a consumer lease and also can be considered as a sales contract since Flora has the option to buy out the washer and dryer at the end. References TWO MEY, D., JENNINGS, M. M. J., & GREENE, S. M. (2017). Anderson’s Business Law and the Legal Environment, Comprehensive Volume (23rd ed.). Cengage Learning.