

**SENATE JUDICIARY COMMITTEE**  
**Senator Thomas Umberg, Chair**  
**2021-2022 Regular Session**

SB 1259 (Laird)  
Version: March 15, 2022  
Hearing Date: April 19, 2022  
Fiscal: Yes  
Urgency: No  
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**SUBJECT**

Retail installment contracts

**DIGEST**

This bill requires retail installment contracts to be printed in at least 12-point type.

**EXECUTIVE SUMMARY**

Under existing law, a “retail installment contract” is any contract for a retail installment sale between a buyer and seller, which provides for repayment in installments and includes specified charges or payment conditions. A “retail installment sale” is the sale of goods or the furnishing of services by a retail seller to a retail buyer for a deferred payment price payable in installments.

The Unruh Act, Civil Code section 1801 et seq., not to be confused with the Unruh Civil Rights Act, provides a regulatory structure for the formation and operation of retail installment contracts in California. One such provision requires a retail installment contract to be dated and in writing. The printed portion thereof is required to be in at least eight-point type.

To ensure greater legibility, this bill requires such materials to be in at least 12-point type.

This bill is author-sponsored. There is no known support or opposition.

## PROPOSED CHANGES TO THE LAW

Existing law:

- 1) Establishes the Unruh Act, which establishes guidelines for retail installment contracts. (Civ. Code § 1801 et seq.)
- 2) Defines a “retail installment contract” to mean any contract for a retail installment sale between a buyer and seller, entered into or performed in this state, which provides for repayment in installments, whether or not such contract contains a title retention provision, and in which certain charges or conditions are attached. (Civ. Code § 1802.6.)
- 3) Defines a “retail installment sale” as the sale of goods or the furnishing of services by a retail seller to a retail buyer for a deferred payment price payable in installments. (Civ. Code § 1802.5.)
- 4) Requires a retail installment contract to be dated and in writing; the printed portion thereof shall be in at least eight-point type. (Civ. Code § 1803.1.)

This bill requires the printed portion of a retail installment contract to be in at least 12-point type.

## COMMENTS

### 1. Easing the weary eyes of consumers

Existing law places a series of requirements and restrictions on retail installment contracts in order to inform, empower, and protect consumers. (Civ. Code § 1801 et seq.) Such contracts must include the names of the seller and the buyer, the place of business of the seller, the residence or place of business of the buyer as specified by the buyer and a description of the goods or services sufficient to identify them. The contracts must also include an itemization of the amount financed and there are limitations on the finance charges that can be applied. Such contracts cannot include provisions by which a buyer agrees not to assert against a seller a claim or defense arising out of the sale other than as provided.

The law also requires a retail installment contract to be dated and in writing. In order to ensure a baseline of legibility, the printed portion must be in at least eight-point type. This bill strengthens this provision by requiring this portion to be in at least 12-point type.

Health Literacy Online is a research-based guide that advises on how to effectively present critical health information:

The font you choose is important because it affects your site’s readability. . . . Choose a font that’s at least . . . 12 points. If many of your users are older adults, consider using an even larger font size— . . . 14 points. A small font size is more difficult to read, especially for users with limited literacy skills and older adults.<sup>1</sup>

If the intention of the law is to ensure consumers are informed, than switching to a more reasonable sized font furthers that end.

2. Stated intent of the bill

According to the author:

Contracts written in eight-point type can be challenging for consumers to read; worse, they could inaccurately interpret the terms. SB 1259 remedies this problem by requiring retail installment contracts to be twelve-point type. This bill will help all parties be aware of and mutually agreeable to the provisions within the agreement.

**SUPPORT**

None known

**OPPOSITION**

None known

**RELATED LEGISLATION**

Pending Legislation: SB 633 (Limón, 2021) provides that, for certain consumer contracts, including retail installment contracts, where the tradesperson or business knows or has reason to know that a co-signer or guarantor is not proficient in English, the tradesperson or business must provide a translated notice in Spanish, Chinese, Tagalog, Vietnamese, and Korean, as translated and made available by the Business, Consumer Services, and Housing Agency. The bill is currently awaiting referral in the Assembly.

Prior Legislation: AB 3019 (Reyes, Ch. 268, Stats. 2018) required a notice of oral deposition to be written in at least 12-point type.

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<sup>1</sup> *Health Literacy Online* (June 8, 2016) Office of Disease Prevention and Health Promotion, <https://health.gov/healthliteracyonline/display/section-3-3/> [as of Apr. 15, 2022].