

SENATE JUDICIARY COMMITTEE
Senator Thomas Umberg, Chair
2023-2024 Regular Session

SB 80 (Laird)
Version: January 12, 2023
Hearing Date: March 28, 2023
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, commencing July 1, 2024, 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 institutes 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, commencing July 1, 2024, 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 starting in July 2024.

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.¹

If the intention of the law is to ensure consumers are informed, then 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 80 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: None known

Prior Legislation:

SB 1259 (Laird, Ch. 245, Stats. 2022), originally sought to increase the font size on retail installment contracts to 12-point type. It was later gut and amended to deal with the furnishing of opioid antagonists by pharmacists, as specified.

SB 633 (Limón, 2021) requires a statutorily prescribed notice to be provided to prospective cosigners of consumer credit contracts and vehicle leases before they sign these agreements, and that this notice be written both in English and in the languages

¹ *Health Literacy Online* (June 8, 2016) Office of Disease Prevention and Health Promotion, <https://health.gov/healthliteracyonline/display/section-3-3/> [as of Mar. 15, 2023].

that the Civil Code already requires certain contracts and agreements to be translated into (currently Spanish, Chinese, Tagalog, Vietnamese, and Korean).

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