

**SENATE HEARING SLIP**

(Please Print Plainly)

SB 473

DATE: 3/5/02

BILL NO. SB 473

OR  
SUBJECT \_\_\_\_\_

To  
Jason Westphal

(NAME)  
P.O. Box 7158

(Street Address or Route Number)

Madison 53707

(City and Zip Code)

The Public Interest

(Representing) LOW SECTION →

Speaking in Favor:

Speaking Against:

Registering in Favor:

but not speaking:

Registering Against:

but not speaking:

Speaking for information only; Neither for nor against:

Please return this slip to a messenger **PROMPTLY**.

Senate Sergeant-At-Arms  
State Capitol - B35 South  
P.O. Box 7882  
Madison, WI 53707-7882

**SENATE HEARING SLIP**

(Please Print Plainly)

DATE: 3/5/02

BILL NO. SB473

OR  
SUBJECT \_\_\_\_\_

Rat Vandenberg

(NAME)  
4915 S. Howard Ave #102

(Street Address or Route Number)

Milwaukee, WI 53207

(City and Zip Code)

Self

(Representing)

Speaking in Favor:

Speaking Against:

Registering in Favor:

but not speaking:

Registering Against:

but not speaking:

Speaking for information only; Neither for nor against:

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Madison, WI 53707-7882

**SENATE HEARING SLIP**

(Please Print Plainly)

DATE: 3/5/02

BILL NO. SB-473

OR  
SUBJECT \_\_\_\_\_

SEN. MARK MEYER

(NAME)

(Street Address or Route Number)

(City and Zip Code)

(Representing)

Speaking in Favor:

Speaking Against:

Registering in Favor:

but not speaking:

Registering Against:

but not speaking:

Speaking for information only; Neither for nor against:

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**SENATE HEARING SLIP**

(Please Print Plainly)

DATE: 3-5-02

BILL NO. SB473

OR

SUBJECT \_\_\_\_\_

Kessy Schwann  
(NAME)

1050 Regent St Ste L2  
(Street Address or Route Number)

Madison WI 53715  
(City and Zip Code)

Wl. Public Interest Research  
(Representing) GROUP

Speaking in Favor:

Speaking Against:

Registering in Favor:

but not speaking:

Registering Against:

but not speaking:

Speaking for information only; Neither for nor against:

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Madison, WI 53707-7882

**SENATE HEARING SLIP**

(Please Print Plainly)

DATE: 3/5/02

BILL NO. SB473

OR

SUBJECT \_\_\_\_\_

CERYL DABIDEX  
(NAME)

231 W PRINCE ST  
(Street Address or Route Number)

EXU CHIRE WI 54703  
(City and Zip Code)

(Representing) \_\_\_\_\_

Speaking in Favor:

Speaking Against:

Registering in Favor:

but not speaking:

Registering Against:

but not speaking:

Speaking for information only; Neither for nor against:

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Madison, WI 53707-7882

**SENATE HEARING SLIP**

(Please Print Plainly)

DATE: \_\_\_\_\_  
BILL NO. SB 423  
OR  
SUBJECT Part-to-Own

Bill Demitchev, former Wisconsin  
(NAME) Administrator  
131 W. Wisconsin  
(Street Address or Route Number)  
Madison, WI 53703  
(City and Zip Code)  
Myself  
(Representing)

Speaking in Favor:   
Speaking Against:   
Registering in Favor:   
but not speaking:   
Registering Against:   
but not speaking:   
Speaking for information only; Neither for nor against:

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Madison, WI 53707-7882

**SENATE HEARING SLIP**

(Please Print Plainly)

DATE: 3-5-02  
BILL NO. SB 473  
OR  
SUBJECT \_\_\_\_\_

Rep Frank Urban  
(NAME)  
(Street Address or Route Number)  
(City and Zip Code)  
99th Assembly District  
(Representing)

Speaking in Favor:   
Speaking Against:   
Registering in Favor:   
but not speaking:   
Registering Against:   
but not speaking:   
Speaking for information only; Neither for nor against:

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Madison, WI 53707-7882

**SENATE HEARING SLIP**

(Please Print Plainly)

DATE: 3/5/02  
BILL NO. SB 473  
OR  
SUBJECT \_\_\_\_\_

Stephen Nellis  
(NAME)  
775 Bascom Mall  
(Street Address or Route Number)  
Madison, WI 53706  
(City and Zip Code)  
Center for Public Representation  
(Representing)

Speaking in Favor:   
Speaking Against:   
Registering in Favor:   
but not speaking:   
Registering Against:   
but not speaking:   
Speaking for information only; Neither for nor against:

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P.O. Box 7882  
Madison, WI 53707-7882

**SENATE HEARING SLIP**

(Please Print Plainly)

DATE: 3/5/02

BILL NO. SB 473

OR  
SUBJECT \_\_\_\_\_

Tennifee Van Kirk  
(NAME)

8824 Sked 975 Brecon Mall  
(Street Address or Route Number)

Madison, WI 53706  
(City and Zip Code)

Center for Public Representation  
(Representing)

Speaking in Favor:

Speaking Against:

Registering in Favor:

but not speaking:

Registering Against:

but not speaking:

Speaking for information only; Neither for nor against:

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P.O. Box 7882  
Madison, WI 53707-7882

**SENATE HEARING SLIP**

(Please Print Plainly)

DATE: March 5, 2002

BILL NO. SB 473

OR  
SUBJECT RELATION TO RETAIL

PURCHASE COMPANIES

Rev. Tomasz Belichowski  
(NAME)

1015 N. 9TH ST.  
(Street Address or Route Number)

MILWAUKEE, WI 53233  
(City and Zip Code)

ST. BENEDECT THE WORK MINISTRIES,  
(Representing) LEAD AND SOCIETY - MILW.

Speaking in Favor:

Speaking Against:

Registering in Favor:

but not speaking:

Registering Against:

but not speaking:

Speaking for information only; Neither for nor against:

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State Capitol - B35 South  
P.O. Box 7882  
Madison, WI 53707-7882

**SENATE HEARING SLIP**

(Please Print Plainly)

DATE: 3/5/02

BILL NO. SB 473

OR  
SUBJECT \_\_\_\_\_

Chris Horst  
(NAME)

\_\_\_\_\_  
(Street Address or Route Number)

Plano, TX  
(City and Zip Code)

WI Rental Dealers Clean  
(Representing) Rent. A. Center

Speaking in Favor:

Speaking Against:

Registering in Favor:

but not speaking:

Registering Against:

but not speaking:

Speaking for information only; Neither for nor against:

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P.O. Box 7882  
Madison, WI 53707-7882

**SENATE HEARING SLIP**

(Please Print Plainly)

DATE: 3/5/02

BILL NO. SB 473

OR

SUBJECT 1

(NAME) JEFFREY L. KERRICK

(Street Address or Route Number) 2311 W. PENNACOTD AVE

(City and Zip Code) EAU CLAIRE, WI 54703

(Representing) WISC. REALTY DEALERS ASSOC.

Speaking in Favor:

Speaking Against:

Registering in Favor:

but not speaking:

Registering Against:

but not speaking:

Speaking for information only; Neither for nor against:

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State Capitol - B35 South  
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Madison, WI 53707-7882

**SENATE HEARING SLIP**

(Please Print Plainly)

DATE: 3/5/02

BILL NO. SB 473

OR

SUBJECT \_\_\_\_\_

(NAME) REB GLENN GROTHMAN

(Street Address or Route Number) \_\_\_\_\_

(City and Zip Code) \_\_\_\_\_

(Representing) \_\_\_\_\_

Speaking in Favor:

Speaking Against:

Registering in Favor:

but not speaking:

Registering Against:

but not speaking:

Speaking for information only; Neither for nor against:

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**SENATE HEARING SLIP**

(Please Print Plainly)

DATE: 3/5/02

BILL NO. SB 473

OR

SUBJECT \_\_\_\_\_

(NAME) DAVID J. GILLES

(Street Address or Route Number) 17 W. MAIN

(City and Zip Code) WATSON, WI

(Representing) WISC. DEPT. OF JUSTICE

Speaking in Favor:

Speaking Against:

Registering in Favor:

but not speaking:

Registering Against:

but not speaking:

Speaking for information only; Neither for nor against:

Please return this slip to a messenger PROMPTLY.

Senate Sergeant-At-Arms  
State Capitol - B35 South  
P.O. Box 7882  
Madison, WI 53707-7882

**Senate Committee on Judiciary, Consumer Affairs and Campaign  
Finance Reform**

**Request for Paper Ballot Executive Action on 2001 Senate Bill 473**

The Senate Committee on Judiciary, Consumer Affairs and Campaign Finance Reform was unable to hold a formal Executive Session on Senate Bill 473 as planned. We would like to conduct a paper ballot on the bill. **Please return your ballot to Sen. George's office (Room 118 South) by 2:30 PM Monday, March 11, 2002.**

**Passage of Senate Bill 473:**

  X   Moved (Optional -- Please check if you wish to Move  
Passage of the Bill)

  X   Seconded (Optional -- Please check if you wish to Second  
Passage of the Bill)

  X   Aye (In Favor of Passage of the Bill)

       No (Oppose Passage of the Bill)

Signed:

Joanne Heelsman  
By PR via phone

Monday, March 11, 2002

Please return to Sen. George's Office by 2:30 PM Monday, March 11, 2002.

**Senate Committee on Judiciary, Consumer Affairs and Campaign  
Finance Reform**

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**Passage of Senate Bill 473:**

\_\_\_\_\_ Moved (Optional -- Please check if you wish to Move  
Passage of the Bill)

\_\_\_\_\_ Seconded (Optional -- Please check if you wish to Second  
Passage of the Bill)

\_\_\_\_\_ **Aye** (In Favor of Passage of the Bill)

✓ \_\_\_\_\_ **No** (Oppose Passage of the Bill)

Signed: Robert W. Ulrich

Monday, March 11, 2002

Please return to Sen. George's Office by 2:30 PM Monday, March 11, 2002.



**Senate Committee on Judiciary, Consumer Affairs and Campaign  
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**Request for Paper Ballot Executive Action on 2001 Senate Bill 473**

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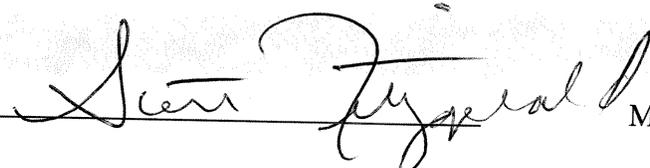
**Passage of Senate Bill 473:**

\_\_\_\_\_ Moved (Optional -- Please check if you wish to Move  
Passage of the Bill)

\_\_\_\_\_ Seconded (Optional -- Please check if you wish to Second  
Passage of the Bill)

 \_\_\_\_\_ **Aye** (In Favor of Passage of the Bill)

\_\_\_\_\_ **No** (Oppose Passage of the Bill)

Signed:  \_\_\_\_\_ Monday, March 11, 2002

Please return to Sen. George's Office by 2:30 PM Monday, March 11, 2002.

**Senate Committee on Judiciary, Consumer Affairs and Campaign  
Finance Reform**

**Request for Paper Ballot Executive Action on 2001 Senate Bill 473**

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**Passage of Senate Bill 473:**

\_\_\_\_\_ Moved (Optional -- Please check if you wish to Move  
Passage of the Bill)

\_\_\_\_\_ Seconded (Optional -- Please check if you wish to Second  
Passage of the Bill)

\_\_\_\_\_ **Aye** (In Favor of Passage of the Bill)

\_\_\_\_\_ **No** (Oppose Passage of the Bill)

Signed: \_\_\_\_\_

*Gayle R. George*

Monday, March 11, 2002

Please return to Sen. George's Office by 2:30 PM Monday, March 11, 2002.

Consumer Credit Counseling Service  
family service

SB473

March 5, 2002

Dear Mr. Chairman and Judiciary Committee Members:

Regrettably, I am unable to join you in person today, and appreciate the opportunity to share my thoughts in favor of the matter before you. The issue is disclosure.

Federal Truth-in-Lending and Truth-in-Savings Acts were enacted to provide consumers a clear choice in decisions they make about the same type of financial products such as loans and savings accounts. With a loan there is an extension of credit for which Truth-in-Lending compares the cost. With savings, there is an anticipated rate of return, which Truth-in-Savings compares. Applying this simple principal to Rent-to-own, I contend that this product is neither a loan or a savings account and should not be treated as such for the purpose of consumer disclosure.

In counseling over 4000 people annually about their finances, we find that consumers are not in financial difficulty due to Rent-to-Own transaction, because it is not a debt. Consumers can prioritize their rent-to-own purchase based upon rapid changes for better or worse in their financial circumstances.

Some would have you think that the Federal Truth-in Lending and Truth-in-Savings are meant to compare different types of financial products. Apples are apples and Rent-to-Own is not a loan. I agree that the measure before you, which is the companion to AB 393, provides consumers with the necessary information they need to know in making an informed choice among Rent-to-Own transactions and deserves your consideration.

I appreciate your time to allow my written testimony.

Respectfully,



Patrick Vandenberg  
Director

CCCS is a non-profit, United Way supported credit-counseling agency serving Wisconsin consumers for thirty years in the Greater Milwaukee Area. We receive no funding from the Rent-to-Own industry because it is not a credit transaction.



4915 S. Howell Avenue, Suite 102, Milwaukee, Wisconsin 53207  
Tel (414) 482-8801 • Toll Free 888-799-CCCS • Fax (414) 482-8820



**Testimony Before the Wisconsin Senate  
Committee on Judiciary, Consumer Affairs & Campaign Finance Reform  
SB 473  
March 5, 2002**

Good morning. My name is Fr. John Celichowski. I am Pastor of St. Benedict the Moor Parish and Chaplain of the St. Benedict Community Meal at 9th and State Streets in downtown Milwaukee. I also assist the Legal Aid Society of Milwaukee as a volunteer attorney. I appear this morning to speak in opposition to Senate Bill 473.

Our parish and community meal program have a long history of ministering to and with people who are poor and homeless. Over the past several years, particularly in the wake of welfare reform initiatives, we have seen more and more "working poor" people participating in our meal program. From them, I have been blessed to hear many stories of faith and hope, as well as struggle.

In addition to providing direct services to people—food, clothing, personal care items, and bus tickets—we at St. Ben's have seen a need to pay closer attention to what are often referred to as the root or structural causes of poverty—those policies, practices and institutions that present barriers to people trying to improve their lives and those of their families.

In that light, I would like to focus on the very negative impacts that this bill could have on people who are already prey to what one might call the "poverty sector" of our economy, a sector that is particularly and unfortunately very strong in Milwaukee's inner city. This sector includes:

- >"Pay day loan" operations, with their almost usurious interest rates;
- >Currency exchanges, which charge high fees to cash checks, etc.
- >Auto title loan companies;
- >Pawn shops;
- >So-called "Rapid Refunds" (refund anticipation loans, again at high interest) provided by commercial tax preparation services;
- >The less-than-savory practices of some sub-prime mortgage lenders;
- >Excessive "transportation fees" paid by workers hired by day labor companies; and
- >Rent-to-own companies, who have reportedly spent over a quarter of a million dollars to lobby our state's legislators to support this bill and remove rent-to-own transactions from regulation and the protections available to our state's residents under the Wisconsin Consumer Credit Act.

There is no doubt that many people use rent-to-own businesses because their own circumstances—credit histories, poor cash flows, etc.—leave them with few or no alternatives. In addition, these businesses provide some benefits for consumers like convenience and immediate access to goods. These companies also assume substantial risks in providing desired goods and services to people. But none of these things should exempt the rent-to-own industry from their obligations as sellers of goods. Obtaining the rewards of market risk should not require consumer exploitation.

This bill calls to mind a family that I knew when I was pastor of a parish on the South Side of Chicago. They lived just around the corner from our rectory. Often it seemed like they were doing what might be called doing "the Rent-A-Center Waltz:" one week, the yellow Rent-A-Center truck would come and drop off furniture and consumer electronics, and in another few weeks, another truck would come by and take some or all of the things back. The family was left with nothing but memories...until the truck came back. Then the dance resumed.

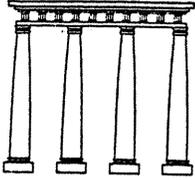
One day, I sat down with the mother of this family and showed her that, if she made payments through the life of her contract or even a majority of it, she would be paying for her TV set several times over what it would cost if she bought the same TV outright at a consumer electronics store like Best Buy or Circuit City. She sent the TV back to Rent-A-Center, and I gave her a small advance on some work that she was doing at our church so she could buy the TV.

If people are going to do the "Rent-A-Center Waltz," at least they should know how much the dance is going to cost, and they should know it in terms—like the annual percentage rate of interest or APR—that are familiar, readily understandable, and provide a basis for comparison with other costs they face as consumers. Other helpful measures include explicit delineations of rental charges that reflect compensation for additional services and caps on other fees charged to consumers.

Removing rent-to-own companies from regulation under the Wisconsin Consumer Act may help the rent-to-own companies, but it is more likely to harm people who—due to their own economic vulnerability and the blandishments of our consumer culture, as well as their own choices—already pay a disproportionately high and unjust price for many goods and services.

Please vote against this bill.

Rev. John Celichowski, OFM Cap.  
Pastor, St. Benedict the Moor Parish  
Chaplain, St. Benedict Community Meal  
1015 N. 9th Street  
Milwaukee, WI 53233  
(414) 271-0135



Center for Public Representation  
Consumer Law Litigation Clinic

975 Bascom Mall • Madison, WI 53706 • Phone (608) 263-6283 • Fax (608) 262-5485

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**TESTIMONY ON SENATE BILL 473**  
**BEFORE THE SENATE COMMITTEE ON**  
**JUDICIARY, CONSUMER AFFAIRS, AND CAMPAIGN FINANCE REFORM**

**March 5, 2002**

Senator George and members of the Committee on Judiciary, Consumer Affairs, and Campaign Finance Reform:

Thank you for the opportunity to testify concerning Senate Bill 473, which would remove rent-to-own transactions from the protections of the Wisconsin Consumer Act. I am testifying today on behalf of the Consumer Law Litigation Clinic of the Center for Public Representation, a non-profit public interest law firm based in Madison that has represented tens of thousands of consumers in cases governed by the Wisconsin Consumer Act. Most of the Center's clients are lower income individuals who must turn to rent-to-own stores because they have bad credit or no credit. These consumers are entitled to the same information about the products they purchase as you or I. Unfortunately, Senate Bill 473 would deprive them of this information.

As the committee is aware, rent-to-own stores offer furniture, appliances and electronic equipment, but for a price. Under most rent-to-own contracts, a consumer makes weekly or monthly payments for the item, and if the customer makes all required payments, she has the option to purchase it. After making all the payments, the consumer has typically paid two to three times the fair market value of the item. That is why the interest rate on rent-to-own transactions typically exceeds 200%.

The Wisconsin Consumer Act does not prohibit rent-to-own transactions. It simply provides consumers of all credit transactions (including rent-to-own transactions) with reasonable protections, as well as information which enables them to make informed choices in the marketplace. One of the most important types of disclosures mandated by the Consumer Act is the annual interest rate. The interest rate in a credit transaction is the most effective means of comparison shopping. Rent-to-own customers, like customers of other products obtained through credit, currently have the right to know that rate. Indeed, it is a particularly important disclosure in the rent-to-own context, since the true cost of these transactions can be disguised through fees and other charges. Senate Bill 473 would omit this disclosure.

In addition, Senate Bill 473 would permit "self-help" repossession; that is, repossession outside the judicial process. Under the Consumer Act, a creditor must first get a court order before repossessing goods. This gives the consumer a chance to cure the default and also prevents violence and other civil disturbances. This is another protection consumers will no longer be afforded if Senate Bill 473 becomes law.

Moreover, Senate Bill 473 would water down the WCA's prohibitions against abusive debt collection practices and its requirements regarding notice of default.

In addition to these substantive problems, Senate Bill 473 sets a dangerous precedent. It sends a message to all establishments otherwise covered by the WCA that they can petition the Legislature to avoid providing consumers with the information that all of us need to make informed choices about the products we buy. This is not the kind of message any state should be sending to its consumers, particularly a state with a proud history of consumer protection like Wisconsin.

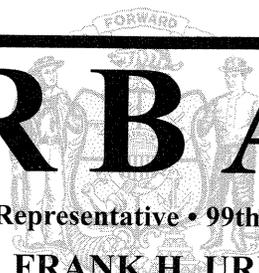
The WCA is viewed around the country as a model consumer protection statute. It was the result of good faith, bipartisan cooperation and compromise among all affected groups: businesses, creditors, consumers, labor, and state regulators. It struck the proper balance between the interests of these oft-competing groups. If rent-to-own transactions are removed from the WCA, however, this balance will be badly undermined.

The rent-to-own industry has asserted several arguments in support of its efforts to evade the WCA. Each is without merit. For example, the industry claims that rent-to-own transactions are merely rental agreements, rather than credit sales. In three different cases, however, Wisconsin appellate courts have considered this argument and rejected it, holding instead that rent-to-own transactions *are* consumer credit sales and thus subject to the WCA.

The industry also claims that it cannot do business in Wisconsin under the WCA because that statute has created an unsettled legal environment. The reality is that there is nothing confusing about complying with the WCA. It requires creditors to disclose certain information to their customers, including the annual interest rate. If rent-to-own companies make those disclosures they will be in compliance. Moreover, the Wisconsin Department of Financial Institutions has created a model disclosure form for use by rent-to-own companies that would ensure compliance with the WCA.

Finally, the industry argues that the vast majority of states have adopted legislation similar to that contained in Senate Bill 473. This argument simply underscores that Wisconsin has always been a leader, rather than a follower, when it comes to consumer protection. That role is typified by the group of distinguished representatives who were convened to draft the WCA, and who would most likely be offended by any industry's unilateral attempt to evade it.

When Governor McCallum vetoed this provision last August he said "When you step back, and get out of the political arena, there just seems to be an inherent fairness in knowing what the interest rate is." We couldn't agree more. Please follow the Governor's lead and keep rent-to-own transactions within the Wisconsin Consumer Act. Thank you.



# URBAN

Wisconsin State Representative • 99th Assembly District

**DR. FRANK H. URBAN**

## Testimony by Representative Frank Urban in support of SB 473

SB 473 is the companion bill to AB 393 and both bills recognize rental-purchase transactions as a unique transaction that is independently regulated by the Department of Financial Institutions for the protection of both consumers and merchants. I agreed to author these bills so that Wisconsin consumers would be free to choose rental purchase as one of their options in the marketplace. This legislation provides substantial and appropriate consumer protections and clarifies the treatment of these transactions under the law.

A rental purchase transaction typically is a rental on a week-to-week basis with no obligation to continue. If a consumer does continue, they automatically become the owner of the property at the end of the lease.

Currently in Wisconsin, it is uncertain whether these leases come under the Wisconsin Consumer Act as credit transactions. A couple of courts have said that under certain circumstances the Consumer Act applies. However, it is still unsettled which agreements are subject to the Act. This environment has caused many dealers to close their businesses and others to offer only rent-to-rent agreements. The consumers don't like it, businesses don't like it and no one is being benefited.

Over the last 15 years, 47 states have passed laws similar to SB 473. These laws are based on suggested legislation from the Council of State Governments. These laws work and no state has ever repealed a rental purchase law. Consumers in those states are educated and happy with the transaction.

SB 473 is a comprehensive "Rental Purchase Act" that includes:

- automatic merchandise ownership provisions
- grace periods for missed payments
- limits on late charges
- reinstatement rights
- loss of income protection
- advertising and price card regulation
- protection against unreasonable collection practices

SB 473 is not about how much is charged. Leasing is more expensive than buying and Wisconsin did away with that type of restriction when it took the caps off credit. SB 473 is about protecting consumers by giving them the information they need to make informed choices...their own choices.

I urge the committee to support SB 473.

District: 3645 Emberwood Drive • Brookfield, Wisconsin 53005 • (262) 783-5448 • Fax: (262) 783-5449

Office: Post Office Box 8953, State Capitol • Madison, Wisconsin 53708-8953 • (608) 266-9175 • Fax: (608) 264-8585 • Rep.Urban@legis.state.wi.us  
Toll-Free: 1 (888) 534-0099

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## Lutheran Office for Public Policy in Wisconsin

322 East Washington Avenue ♦ Madison, WI 53703-2834  
608-255-7399 ♦ FAX 608-255-7395  
loppw@ecunet.org ♦ slarson@itis.com  
Rev. Sue Moline Larson, Director

### SENATE JUDICIARY, CONSUMER AFFAIRS AND CAMPAIGN FINANCE REFORM COMMITTEE

Sen. Gary George, Chairperson

Hearing on Senate Bill 473, Regulation of the Rental Purchase Industry

March 5, 2002

Room 411 North, Wisconsin State Capitol

Dear Sen. George and committee members,

Thank you for receiving testimony on SB 473, a bill to alter the current regulation of the rent to own industry in Wisconsin. I am Rev. Sue Moline Larson, director of the Lutheran Office for Public Policy in Wisconsin, the legislative advocacy voice of the six Evangelical Lutheran Church in America synods in Wisconsin. The ELCA is the largest Lutheran denomination in the country, with 750 congregations in the state.

The Lutheran Office for Public Policy has consistently opposed any change in the oversight of the rent to own industry in Wisconsin. We believe that it is good public policy that offers appropriate consumer protection for the industry to be covered under the Wisconsin Consumer Protection Act. It is unfortunate that those proposing a loophole for this group by continuing to urge changes which are not needed and which are likely to take advantage of unwitting consumers who do not fully understand the terms of contracts they sign to rent household items at rent to own outlets are willing to shortchange consumers to mollify this lobby.

In the early 1600's, Dr. Martin Luther chastised the church for failing to fully understand the actual meaning of the seventh commandment, "You shall not steal." He pointed out that "to steal includes taking advantage of our neighbor in any sort of dealing that results in loss...not only when (s)he robs a man's strongbox or his pocket, but also when he takes advantage of his neighbor at the market or wherever business is transacted...Far from being picklocks or sneak thieves, these gentlemen swindlers sit in office chairs and are called honorable, good citizens, yet with a great show of legality they rob and steal."

There are many candidates for Dr. Luther's assessment of gentlemen swindlers, and there is little doubt that the rent to own industry is attempting to join that unsavory group with this legislation. It is a poor choice for legislators to encourage such bending of the guidelines for consumer protection and to grant an exemption from clear declarations of the interest rates that customers will pay for their services.

It is bad policy to substitute the Department of Financial Institutions for examination of transactions. The Department of Justice continues to be the right place for oversight of state business operations through the Uniform Commercial Code. If business practices of the rental purchase industry are fair and open, they have nothing to fear and should not accuse the business climate in Wisconsin for any failure to expand. If their practices are not fair and open, the legislature certainly should not create such a huge loophole for less than straightforward and transparent practices.

Please do not approve SB 473.

Thank you.

**S.B. 473: THE WISCONSIN RENTAL-PURCHASE REGULATION BILL  
TESTIMONY OF CHRISTOPHER A. KORST  
RENT-A-CENTER, INC.**

Good morning, Mr. Chairman and members of the Committee. My name is Chris Korst and I am Senior Vice President of Rent-A-Center, Inc. I appear today to speak in favor of SB 473, the Wisconsin Rental-Purchase Regulation Bill. My company owns and operates 27 rental stores here in Wisconsin. I have worked with Rent-A-Center since 1985, and have enjoyed the privilege of working closely with state legislators in nearly every state on rental-purchase legislation. Before I describe what SB 473 is and does, I'd like to provide this Committee with a short background on our industry and the state of rental-purchase legislation in the US.

The typical rental-purchase transaction is a week-to-week or month-to-month rental agreement for household durable goods—furniture, electronics and appliances. Customers complete simple rental application forms telling our merchants who they are, where they live and where they work. We don't do credit checks, or require detailed personal or financial information, since our transactions do not involve the extension of credit. In addition to the use of our products, we provide free delivery and set up, and free service during the rental. If we cannot repair the rented item in our customers' homes, we provide replacement items for them to use until the original is repaired. Finally, our customers have the absolute right to terminate the rental agreements and return the merchandise to us without penalty and without further financial obligation.

We serve all different kinds of customers with all different kinds of needs. Military personnel moving from base to base, football fans that want to watch the Packers in the Super Bowl, families with limited credit, bad credit or no credit at all, who need and want beds for their children to sleep on, computers so the kids can keep up in school, washers and dryers so that mom and dad don't spend all day or night down at the Laundromat, but who may not have a lot of choices other than garage sales and

**flea markets. This bill is about allowing these Wisconsin consumers the same opportunities to enjoy nice things in their homes as folks with good credit and plenty of cash.**

**Most of our customers rent for only a short period of time—typically less than 4 months. Just 25% of all rental transactions end with the customer purchasing the rented goods—in the other 75%, the agreement is terminated and the property returned to us. It is obvious that we are predominantly in the rental business, although a significant subset of our customers want and use the option to acquire ownership.**

**SB 473 is similar in substance to legislation enacted in 47 other states. A working group that included the Michigan Attorney General's office, Legal Services, union attorneys, legislators and industry representatives in Michigan in 1984 drafted the very first rent-to-own state law. That comprehensive consumer protection statute became the model for the following 46 other state rent-to-own laws, most of which have been in effect for more than 5 years. If enacted, SB 473 would go further in regulating the rent-to-own industry and providing rental customers with real, substantive consumer protection, than any other state law in effect today.**

**1. SB 473 is comprehensive consumer protection legislation. If enacted, SB 473 would require:**

- Full disclosure in contracts, advertisements and on display merchandise at the stores**
- Limitations on total charges**
- Mandatory early purchase options that require substantial discounts**
- Grace periods on late payments, up to 180 days for contract reinstatement, and significant other substantive provisions**
- Tough collection practice regulations**
- Exceptional DFI oversight of industry practices**

- **WCA remedies for injured consumers**

**473 would go as far in governing the practices of rental merchants as the WCA goes in regulating consumer credit—in a way that is specifically tailored to respond to the unique needs and concerns of rental customers and merchants.**

**It may be significant to also note that the WCA, which is rightfully referred to as the “Gold Standard” of consumer protection, does not mandate the disclosure of APRs in long-term lease agreements with initial terms in excess of 4 months. One example of this type of lease would be an automobile lease. Again, the WCA does not require APRs to be disclosed in those lease agreements, even though the consumer is legally obligated to make all the lease payments! Yet here—in the rental-purchase setting where our customers can and do terminate their rental agreements with us after just a few short weeks or months, opponents of SB 473 insist that the bill is wholly inadequate because it does not mandate disclosure of an imputed APR.**

**2. 47 states, the District of Columbia, Puerto Rico and Guam have enacted rental-purchase legislation similar to SB 473. All of these statutes treat rental-purchase transactions as something different and unique, apart from consumer credit transactions. None of these statutes require the disclosure of an imputed APR.**

**3. The IRS, the Federal Reserve Board and the Federal Trade Commission agree that rental-purchase transactions are not consumer credit and should be regulated separately.**

**4. The FTC recommends the key financial disclosures contained in SB 473. In its seminal study of the rent-to-own industry conducted at the direction of the Clinton Administration and published in April of 2000, the Federal Trade Commission found all of the following to be true:**

- **APRs are inappropriate in rental-purchase transactions**

- **The best financial disclosures are:**
  1. **The cash price of the rented goods;**
  2. **The total of rental payments necessary to acquire ownership of the rented goods; and**
  3. **The total of payments minus the cash price, an amount called 'cost of lease services'.**
- **Competition in the rental-purchase industry is strong, barriers to entry are low, profitability is normal, and prices reflect the higher cost of doing business in rental-purchase**
- **Customers throughout the United States are pleased with the goods and services that they receive from rental-purchase merchants**

**5. SB 473 will add 750 to 1000 new jobs in Wisconsin within 2 to 3 years of enactment.**

**6. My company, Rent-A-Center, Inc., is Ashley Furniture's largest single customer, with purchases in excess of \$80 million annually. The rent-to-own industry purchases nearly \$100 million of furniture from Ashley every year.**

**Thank you, Mr. Chairman and members of the Committee, for your time and attention. I would be glad to answer any questions that you may have.**

**Subject: Chief Executive in Madison, Wisconsin**

**Date:** Mon, 04 Mar 2002 20:40:16 -0500

**From:** Bill Uffelman <uffam@cox.rr.com>

**To:** pap@dewittross.com

Peter I have submitted an application for this position. If you know anyone of influence with the WSTA leadership, I would appreciate your dropping a word of support with them. Bill Uffelman

\*\*\*\*\*

Chief Executive in Madison, Wisconsin

Salary: Open

Type: Full Time - Experienced

Since 1910, the Wisconsin State Telecommunications Association (WSTA) has served as a unified voice for its members in matters of interest to legislators, regulators and the public. The Association serves as a clearinghouse for pertinent and accurate information for its members. Located in Madison, WI, the WSTA represents 82 local telecommunications carriers, 54 Internet Service Providers (ISPs) and 9 wireless carriers.

The WSTA is looking for an individual to lead the organization following the retirement of the current Chief Executive. This individual will have as a primary responsibility securing policy direction from the Association's Board and developing strategies and tactics for its legislative and regulatory efforts, including direct contact with legislative and regulatory contacts and overseeing others with the same responsibilities. This person will also develop, present and be responsible for the association's overall budget performance.

Additional responsibilities include acting as the Association's spokesperson, leading its public relations efforts and supervising the Association's staff and day-to-day operations. Other responsibilities include the oversight of association activities e.g., Conventions, Conferences and Trade Shows.

**Requirements:**

Candidates should possess a minimum of a Bachelor's Degree, five years in a leadership role, and three years working in or with the legislature or PSC. Telecommunications industry experience, trade association experience or possession of a law degree is a plus.

**Preferred Education:**

**NOTES:** US Residents Only. The position has a competitive salary with excellent benefits, including: medical, dental, long term disability and life insurance, 401(k), and use of a vehicle.

Apply online at <http://asaenet.jobcontrolcenter.com/jobdetail.cfm?job=1147320.32>

ATTACHMENT 1

	Customer A	Customer B
Contract Date	7/23/98	5/17/99
Total of Rental Payments (24 Months or 104 Weeks of Rent)	2599.48	2591.04
Downpayment	-49.99	-107.96
Net Rental Payments	2549.49	2483.08
Optional Purchase Price (20% of Cash Price)	105.00	130.50
Total of Payments (TOP)	2654.49	2613.58
Cash Price	525.00	652.50
Downpayment	-49.99	-107.96
Amount Financed	475.01	544.54
Finance Charge (TOP-AF)	2179.48	2069.04
APR	272.3%	234.8%

Agreement # 10007

RENTAL AGREEMENT

CUSTOMER  
A

ED BY

DATE:  
II. LESSEE

7/23/98

*[Signature]*

As used in this agreement, "you" and "your" mean the person(s) signing the agreement as renter, "we" and "our" mean LESSOR (see item one above).

2. DESCRIPTION OF PROPERTY:

2 Pc Fans S/L #1715  
TABLES 300S #1519

THE CONDITION OF THIS PROPERTY IS NEW  USED

3. RENTAL RATE:

	RENT	WAIVER	TAX	TOTAL
MONTHLY	\$ 49.99	\$ 3.50	\$ 2.67	\$ 56.16
WEEKLY				

OTHER CHARGES:

1. IN-HOME COLLECTION CHARGE \$10.00
2. REINSTATEMENT FEE \$5.00
3. DAMAGE WAIVER \$3.50
4. DELIVERY CHARGE N/A

THIS IS A RENTAL AGREEMENT ONLY.  
PAYMENTS WILL NOT APPLY TO  
PURCHASE.  
90 DAYS SAME AS CASH

**SELF-RENEWING:** You're renting from us the property described above. You may keep the property for the term covered by this lease payment. At your option, you may renew this lease for successive terms of one week or one month each. To do this, you must make a rental payment in advance for each week or month you wish to rent the property. The rental rates and first renewal date are shown above. Time is of the essence in this lease and there are no grace periods.

**SELF-TERMINATING:** In addition to your three (3) day right to rescind this agreement, you are not obligated to renew this lease and may voluntarily terminate it at the end of any weekly or monthly rental period. To do so, you must make arrangements with us for the timely return of the property and make all rental payments due through the date of return. If you do not renew this lease by making a weekly or monthly payment on or before the renewal date (or you breach any other important term of this lease), the lease will automatically terminate but you will remain liable for the rental value of the property until you make arrangements for us to have immediate possession of the property. All property returned must be in its present condition, fair wear and tear excepted.

**DAMAGE WAIVER: ACCEPT X / DECLINE** You may by initials hereon accept or decline the damage waiver benefits. If you pay the damage waiver charge (DWC) as specified, subject to the limitations and exclusions below, the Lessor agrees to modify the terms of this agreement and relieve you of liability for accidental damage to the rented item(s) in item two above, and for loss due to fire, flood, windstorm and burglary (provided there is evidence of forced entry). We exclude from this waiver, however, any loss or damage due to theft (other than by burglary), misuse or abuse. Theft by conversion, intentional damage, mysterious disappearance or other loss due to your failure to care for the rented item(s) as a prudent man would his own property, such as property securing your home. If any such loss tends to indicate a crime may have been committed, you must file a report to the proper law enforcement authorities and furnish us with a copy. In addition, if you have insurance for the loss or damage, you shall exercise, and empower us to exercise, all your rights to obtain recovery under insurance, and to obtain recovery and all insurance proceeds which will be given or assigned to ColorTyme.

**REINSTATEMENT FEE:** If you retain possession of the leased goods beyond the rental term and should want to renew this lease, we at our option, may either (1) refuse to renew and collect rental due at that time, or (2) renew and charge reinstatement fee as provided herein. Should we, at our option, elect to allow you to renew for any additional rental term after you have failed to exercise your option to renew, we may charge a fee for this privilege or reinstatement not to exceed \$5.00 for any reinstatement.

**LOCATION OF PROPERTY:** You agree to keep the property in your possession, at the residence shown above. You agree that you won't remove the property from that address without our written consent. If you remove the property without our consent, you'll have breached this lease and we'll have the immediate right to possession of the property.

**LIABILITY:** You are liable for damage to the property in excess of normal wear and tear, and for loss or destruction of the property by any cause, including but not limited to theft and vandalism. You must pay us the full value of the property if you fail to return it to us when this lease ends.

**ASSIGNMENT:** We may sell, transfer or assign this lease. You may not sell, transfer, assign or sublease your rights under this lease without our written consent.

**TITLE MAINTENANCE AND TAXES:** We retain title to the property at all times. We'll pay any personal property taxes on the property, and maintain it in good working order. We won't be responsible for costs or results of repair done by others. We will attempt to provide a unit for you to use while yours is being serviced by our service technician, based on availability.

**FORBIDDEN ACTS:** You may not pawn, sell or otherwise dispose of the property. If you do, this lease is terminated and you must pay us the full value of the property.

**THIS IS A RENTAL AGREEMENT ONLY:** This lease is for weekly or monthly rental of the property only. You won't acquire any ownership in the property by making rental payments. You have not agreed to purchase this property. If you want to purchase this or similar property now, you may be able to get cash or credit terms from other sources which may cost less than under the terms of this agreement.

**ENTIRE AGREEMENT:** This is our entire agreement. No oral statements or agreements will be valid or binding on you or on us. This agreement may not be changed or amended nor may any provision be waived except in writing signed by both parties.

**EFFECT OF SIGNING:** By signing this agreement you admit that you have read it and that you understand it. You also admit that you received the property in satisfactory condition. The property is not represented to be new.

TIME IS OF THE ESSENCE IN THIS LEASE

**NOTICE TO RENTER:** 1) Do not sign this agreement before you read and understand it, or if it contains any blank spaces. 2) You are entitled to a copy of this agreement completely filled in.

I HAVE READ AND UNDERSTAND THE ABOVE RENTAL AGREEMENT AND ACKNOWLEDGE RECEIPT OF A SIGNED COPY.

IMPORTANT NOTICE

If this Agreement is signed in your residence, we are giving you the following rights: YOU MAY CANCEL THIS TRANSACTION AT ANY TIME PRIOR TO MIDNIGHT OF THE THIRD BUSINESS DAY AFTER THE DATE OF THIS TRANSACTION (See attached form).

Witness

May 17 1999  
MONTH DAY YEAR

RENTAL AGREEMENT NO.

### RENTAL AGREEMENT

This is a Rental Agreement Only. Payment will not Apply to Purchase

CUSTOMER  
B

2. Lessee(s)

As used in this agreement, "you" and "your" mean the person(s) signing the agreement as renter, "we" and "our" mean LESSOR (See item one above.)

#### 2. DESCRIPTION OF PROPERTY:

Item #	DESCRIPTION	Serial #	CONDITION	MONTHLY	WEEKLY
P9400533	STEREO 7RACK STEREO	074N1810	NEW	187.96	26.99

THE CONDITION OF THE PROPERTY IS NEW USED

#### 3. RENTAL RATE:

	AFTER THE FIRST PAYMENT			ADDITIONAL FEES:
	FIRST PAYMENT	WEEKLY	MONTHLY	
Rental Payment	\$ 26.99	\$ 26.99	\$ 187.96	Reinstatement Fee \$100
Damage Waiver	\$ 2.02	\$ 2.02	\$ 14.14	
Sales Tax	\$ 1.51	\$ 1.51	\$ 10.65	
<b>TOTAL</b>	<b>\$ 30.52</b>	<b>\$ 30.52</b>	<b>\$ 212.75</b>	

**SELF-RENEWING:** You're renting from us the property described above. You may keep the property for the term covered by this lease payment. At your option, you may renew this for successive terms of one week or one month each. To do this, you must make a rental payment in advance for each week or month you wish to rent the property. The rental rates and first renewal date are shown above. Time is of the essence in this lease and there is no grace periods.

**SELF-TERMINATING:** In addition to your three (3) day right to rescind this agreement, you are not obligated to renew this lease and may voluntarily terminate it at the end of any weekly or monthly rental period. To do so, you must make arrangements with us for the timely return of the property and make all rental payments due through the date of return. If you do not renew this lease by making a weekly or monthly payment on or before the renewal date, (or you breach any other important term of this lease) the lease will automatically terminate but you will remain liable for the rental value of the property until you make arrangements for us to have immediate possession of the property. All property returned must be in its present condition, fair wear and tear expected.

**DAMAGE WAIVER/ACCEPT/DECLINE:** You may by initials hereon accept or decline the damage waiver benefits. If you pay the damage waiver charge (DWC) as specified, subject to the limitations and exclusions below, the Lessor agrees to modify the terms of his agreement and relieve you of liability for accidental damage to the rented item(s) in item 2 above, and for the loss due to fire, flood, windstorm, and burglary (provided there is evidence of forced entry). We exclude from this waiver, however, any loss or damage due to theft (other than burglary) misuse or abuse, theft by conversion, intentional damage, mysterious disappearance or other loss due to your failure to care for the rented item(s) as a prudent man would his own property, such as property securing your home. If any such loss tends to indicate a crime may be committed, you must file a report to the proper law enforcement authorities and furnish us a copy of the report. In addition, if you have insurance for the loss or damage, you shall exercise, and empower us to exercise, all your rights to obtain recovery under insurance, and to obtain recovery and all insurance proceeds which will be given or assigned to the Lessor.

**REINSTATEMENT FEE:** If you retain possession of leased goods beyond the rental term and should want to renew this lease, we at our option, may either (1) refuse to renew and collect rental due at that time, or (2) renew and charge a reinstatement fee as provided herein. Should we, at our option, elect to allow you to renew for any additional rental term after you failed to exercise your option to renew, we may charge a fee for this privilege of reinstatement not to exceed \$100.00.

**LOCATION OF PROPERTY:** You agree to keep in your possession, at the residence shown above. You agree that you won't remove property from that address without written consent. If you remove the property without our consent, you'll have breached this lease and we'll have the immediate right to the possession of the property.

**LIABILITY:** You are liable for the damages to the property in excess of normal wear and tear, and for loss or damage of the property by any cause, including but not limited to theft and vandalism. You must pay us the Fair Market value of the property if you fail to return it to us when this lease ends. The Fair Market value of the property is \$600.00.

**ASSIGNMENT:** We may sell, transfer or assign this lease. You may not sell, transfer, assign or sublease your rights under this lease without written consent.

**TITLE MAINTENANCE AND TAXES:** We retain title to the property at all times. We'll pay any personal property taxes on the property, and maintain it in good working order. We won't be responsible for costs or results of repair done by others. We will attempt to provide a unit for you to use while yours is being serviced by our service technician, based on availability.

**FORBIDDEN ACTS:** You may not pawn, sell or otherwise dispose of the property. If you do, this lease is terminated and you must pay us the full value of the property.

**THIS IS A RENTAL AGREEMENT ONLY:** This lease is for weekly or monthly rental of the property only. You won't acquire any ownership of the property by making rental payments. You have not agreed to purchase this property.

**ENTIRE AGREEMENT:** This is our entire agreement. No oral statements will be valid or binding on you or us. This agreement may not be changed or amended nor may any provisions be waived except in writing signed by both parties.

**EFFECT OF SIGNING:** By signing this agreement you admit that you have read it and that you understand it. You also admit that you received the property in satisfactory condition. The property is not represented to be new.

#### TIME IS OF THE ESSENCE IN THIS LEASE

**NOTICE TO RENTER:** 1. Do not sign this agreement before you read and understand it, or if it contains any blank spaces. 2. You are entitled to a copy of this agreement completely filled in.

I HAVE READ AND UNDERSTAND THE ABOVE RENTAL AGREEMENT and acknowledge receipt of a signed copy.

#### IMPORTANT NOTICE

If this Agreement is signed in your residence, we are giving you the following rights: YOU MAY CANCEL THIS TRANSACTION AT ANY TIME PRIOR TO MIDNIGHT OF THE THIRD BUSINESS DAY AFTER THE DATE OF THIS TRANSACTION.

Rental contract assigned to Chase Merchant as an administrator agent for the BANK group.

Rente \_\_\_\_\_ Date 5-14-99 Witness [Signature]

Renter \_\_\_\_\_ Date \_\_\_\_\_

ATTACHMENT 3

# WISCONSIN RENTAL-PURCHASE AGREEMENT

DATE: \_\_\_\_\_ CONTRACT No. \_\_\_\_\_  
 STORE: \_\_\_\_\_ CUSTOMER: \_\_\_\_\_

Item	Description	Model	Serial	New or Used	Base Payment

Total of Base Payments: \$ \_\_\_\_\_ \*

This agreement is for one weekly/bi-weekly/monthly (circle one) period. You may renew this agreement for an additional period by paying the amount of the periodic payment in advance for each period you wish to rent the property. If you rent the property for \_\_\_\_\_ periods you will become the owner as provided in the OWNERSHIP PROVISION. In that event, the following disclosures will apply to this transaction:

<b>ANNUAL PERCENTAGE RATE</b> The cost of rental as a yearly rate  <p style="text-align: right;">%</p>	<b>FINANCE CHARGE</b> Amount over cash price you will pay if you make all regular payments.  <p style="text-align: right;">\$</p>	<b>CASH PRICE</b> The price for which we would sell the property listed above if you would pay cash today  <p style="text-align: right;">\$</p>	<b>TOTAL OF PAYMENTS</b> The total dollar amount you will have to pay to own the property unless you exercise the early purchase option.  <p style="text-align: right;">\$</p>
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Rental Period: Weekly/Biweekly/Monthly (circle one)

**PERIODIC RENTAL TERMS:**

\*Total of Base Payments: \_\_\_\_\_  
 Protection Plan Fee: + \_\_\_\_\_  
 Sales Tax: + \_\_\_\_\_  
 Periodic Payment: = \_\_\_\_\_

**FIRST PAYMENT ONLY:**

Periodic Payment: \_\_\_\_\_  
 Delivery Fee: \_\_\_\_\_  
 Total First Payment: \_\_\_\_\_

To obtain ownership, your payment schedule will be:

Number of Payments	Amount of Payments	When Payments are Due
		Weekly/Biweekly/Monthly (circle one) beginning on _____

**Termination:** You may terminate this agreement at any time by complying with the TERMINATION PROVISION.

**Protection Plan:** A protection plan is not required to enter into this agreement, and will not be provided unless you sign and agree to pay the additional cost.

Cost of Protection Plan \$ \_\_\_\_\_ If you want to purchase the protection plan, sign here \_\_\_\_\_

**Late Charge:** If a payment is late, you will be charged 5% of the unpaid amount due or \$10, whichever is less.

**Title:** The property is owned by us until you buy it or get ownership as stated in this agreement. You cannot sell, pledge, mortgage, pawn or otherwise dispose of or encumber the property.

**Other important terms:** See the remainder of this contract for information regarding ownership; termination, late payments, default, early purchase option, maintenance of the property, etc.

### NOTICE TO CUSTOMER

1. Do not sign this agreement before you read the entire agreement including any writing on the reverse side or on additional pages, even if otherwise advised.
2. Do not sign this if it has any blank spaces.
3. You are entitled to an exact copy of any agreement you sign.

Customer: (sign) \_\_\_\_\_ Date: \_\_\_\_\_  
 Customer: (sign) \_\_\_\_\_ Date: \_\_\_\_\_  
 Company: (sign) \_\_\_\_\_ Date: \_\_\_\_\_

## TERMS OF AGREEMENT

**OWNERSHIP PROVISION:** You will not own the property until you have made the stated number of payments and the total dollar amount of payments necessary to acquire ownership (plus any other obligations pursuant to this agreement), unless you exercise the early purchase option.

**LIABILITY FOR DAMAGE OR LOSS:** You are responsible for the safety of the item until it is returned to us. If the rented property is stolen, lost or damaged in excess of normal wear and tear, you are liable to the company the lesser of (1) the value of the property at the time of the loss, as determined under the early purchase option or (2) our cost to repair the property.

**PROTECTION PLAN:** You may, but are not required to, purchase a protection plan from us to protect you against liability for theft, damage or loss to the rental property.

**TERMINATION PROVISION:** You may terminate this agreement without penalty by voluntarily surrendering or returning the property upon expiration of any rental period along with any past due rental payments.

**EARLY PURCHASE OPTION:** At any time after the first periodic payment is made, you may acquire ownership of the property by paying fifty-five percent (55%) of the difference between the total of payments necessary to acquire ownership and the total of rental payments you have paid on the property.

**TITLE:** The property is owned by us until you buy it or get ownership as stated in this agreement. You cannot sell, pledge, mortgage, pawn or otherwise dispose of or encumber the property.

**LOCATION OF THE PROPERTY:** You agree to keep the property at the address shown in this agreement. If you remove it without first receiving our written permission, you will be considered in default under this agreement and the default provision below will apply.

**LATE CHARGE:** You will be required to pay a late charge in the amount of five percent (5%) of any past due payment (not to exceed ten dollars (\$10.00)) with respect to any payment not paid in full on or before the tenth day after its scheduled or deferred due date.

**MAINTENANCE AND WARRANTY:** We are responsible for maintaining or servicing the property while it is being rented. If any part of a manufacturer's warranty covers the rental property at the time you acquire ownership, such warranty will be transferred to you.

**RETURNED CHECK CHARGE:** A charge of fifteen dollars (\$15.00) will be made for each check presented for payment that is returned unsatisfied because you do not have an account with the drawee, do not have sufficient funds in your account or have insufficient credit with the drawee.

**RIGHTS OF COMPANY:** Without affecting the liability of any customer or impairing the company's rights under the agreement, the company may, without notice, accept partial payments or agree to renew or extend the time for any payment.

### **DEFAULT:**

1. You will be in default under this agreement if any of the following occurs:
  - (a) You have not paid an amount exceeding one full payment for more than 10 days after the scheduled or deferred due date.
  - (b) You fail to observe any other covenant of this agreement, breach of which materially impairs the condition, value or protection of the company's right in the goods rented under this agreement or materially impairs your ability to pay amounts due under this agreement.
2. If you are in default, we will give you notice of the default and 15 days to cure, if applicable. You may cure within the 15-day period by paying the total amount owed or taking other required action. You may then, at your option, either 1. continue making payments under this agreement, keeping the goods as long as payments are made or 2. return the goods under the TERMINATION PROVISION, above. If you fail to cure the default within the 15 day cure period, we may terminate this agreement. Your obligation upon termination will be the total of payments and charges due up to the date of termination and return of any goods obtained under this agreement that are still in your possession. The company may waive its rights pursuant to any default without waiving its rights pursuant to any subsequent or prior default by the customer.