

SCHUMER REPORT

In Weak Economy, Rent-to-Own Industry is Thriving in Upstate New York – With Little Regulation and Outrageous Lease Terms, Upstate New Yorkers are Bilked out of Thousands for Basic Household Appliances

Today, U.S. Senator Charles E. Schumer revealed that Upstate New Yorkers are paying up to 300% above the competitive market price for basic home electronics and appliances as the weak economy drives consumers to rent-to-own schemes. The Rent-to-Own (RTO) industry is one of the country's fastest growing industries with 8,500 stores, 3 million customers and \$6.8 billion in revenues nationwide. RTO profits by having customers “lease” items such as appliances, computers, televisions and furniture on a weekly or monthly basis until they have fulfilled their contract and own the item. These customers in turn, pay astronomical prices that are in some cases nearly 300% higher than their competitive retail prices.

With the current credit crisis and economic downturn, the RTO industry is booming not just in urban areas, but also in suburban and rural areas across New York State. They are targeting local consumers who lack the disposable income and access to credit cards to purchase basic household goods at competitive retail prices.

Cost of Basic Household Appliances and Electronics – Competitive Retail Price vs. Rent-A-Center “Cash Price”

Item	Competitive Retail Price (\$)	Most Common Rent-to-Own Cash Price (\$)	Percent Markup (RTO Cash vs. Retail)
Toshiba 37" Television Flat Panel LCD HDTV Model # 37AV500U	\$849.99 Best Buy	\$1,663 Rent-A-Center	95.65%
Whirlpool Cabrio Dryer Super Capacity Plus Electric Model # WED6400S	\$749.00 Whirlpool	\$935 Rent-A-Center	24.83%
Whirlpool Cabrio Washer 10-Cycle Super Capacity Plus Model # WTW6400S	\$899.00 Whirlpool	\$1,052 Rent-A-Center	17.02%
Whirlpool Refrigerator 14.4 cu ft Frost Free Top-Mount Model # ET4WSKXSO	\$579.99 Best Buy	\$682 Rent-A-Center	17.59%

**Cash Price refers to the price charged to purchase the item outright from Rent-A-Center without leasing.*

As you can see from the comparison of retail and cash prices above, Rent-A-Center inflates prices from the outset. According to the Rent-A-Center payment policy, customers have 90 days from the initiation of their contract to purchase the item at this cash price (also known as a 'same as cash' purchase). Having established artificially high prices, the final rent-to-own price is determined by doubling the cash price. From there, payment installment schedules are set up (e.g., weekly, monthly), leading to a final price mark-up ranging from 134% to 291%.

The Rent-to-Own industry is able to skirt state laws regulating interest charges by claiming their fees as lease charges rather than sales charges. However, according to the Federal Trade Commission, the industry is marketing the dream of ownership to its customers with 67% of RTO customers signing contracts with the expectation that they will eventually own the item.

Cost of Basic Household Appliances and Electronics – Competitive Retail Price vs. Rent-A-Center Rent-to-Own Price

Item	Rent-to-Own Final Price (\$)	Percent Markup (RTO Final vs. Retail)	Most Common Payment Plan (\$)*Weeks
Toshiba 37" Television	\$3,326.96	291.41%	\$31.99*104
Flat Panel LCD HDTV Model #37AV500U			Rent-A-Center
Whirlpool Cabrio Dryer	\$1,870.83	149.78%	\$15.99*117
Super Capacity Plus Electric Model # WED6400S			Rent-A-Center
Whirlpool Cabrio Washer	\$2,104.83	134.13%	\$17.99*117
10-Cycle Super Capacity Plus Model #WTW6400S			Rent-A-Center
Whirlpool Refrigerator	\$1,364.09	135.19%	\$14.99*91
14.4 cu ft Frost Free Top-Mount Model #ET4WSKXSO			Rent-A-Center

** Data was collected through a Schumer staff phone survey (conducted on June 2, 2008) of 35 Rent-A-Center stores located throughout Upstate New York.*

Rent-A-Center Locations in Upstate New York

Town/County	Store Location Zip Code	Total Number of Stores in County
Albany		3
Albany	12209	
Albany	12206	
Watervliet	12189	
Broome		3
Binghamton	13901	
Binghamton	13905	
Endicott	13760	
Cattaraugus		3
Olean	14760	
Olean	14760	
Olean	14760	
Cayuga		2
Auburn	13021	
Auburn	13021	
Chautauqua		3
Dunkirk	14048	
Dunkirk	14048	
Jamestown	14701	
Chemung		3
Elmira	14904	
Elmira	14901	
Horesheads	14845	
Chenango		1
Norwich	13815	
Clinton		2
Plattsburgh	12901	
Plattsburgh	12901	
Columbia		1
Hudson	12534	
Cortland		1
Cortland	13045	
Delaware		1
Sidney	13838	
Dutchess		1
Poughkeepsie	12601	
Erie		15
Blasdell	14219	
Buffalo	14207	
Buffalo	14210	
Buffalo	14212	

Buffalo	14218	
Buffalo	14215	
Buffalo	14215	
Buffalo	14209	
Buffalo	14225	
Buffalo	14213	
Buffalo	14213	
Buffalo	14215	
Buffalo	14212	
Buffalo	14218	
Tonawanda	14150	
Essex		2
Rome	13440	
Rome	13440	
Franklin		1
Malone	12953	
Fulton		1
Gloversville	12078	
Genesee		1
Batavia	14020	
Greene		1
Catskill	12414	
Herkimer		1
Herkimer	13350	
Jefferson		1
Watertown	13601	
Livingston		1
Geneseo	14454	
Madison		1
Oneida	13421	
Monroe		9
Canandaigua	14424	
Rochester	14606	
Rochester	14624	
Rochester	14615	
Rochester	14621	
Rochester	14621	
Rochester	14606	
Rochester	14621	
Rochester	14607	
Niagara		3
Lockport	14094	
Niagara Falls	14301	
Niagara Falls	14301	
Oneida		3

Utica	13501	
Utica	13501	
Whitesboro	13492	
Onondaga		10
Baldwinsville	13027	
Syracuse	13204	
Syracuse	13203	
Syracuse	13203	
Syracuse	13205	
Syracuse	13207	
Syracuse	13211	
Syracuse	13208	
Syracuse	13203	
Syracuse	13208	
Ontario		1
Geneva	14456	
Orange		2
Middletown	10940	
Middletown	10340	
Oswego		1
Fulton	13069	
Otsego		1
Oneonta	13820	
Rensselaer		3
East Greenbush	12061	
Troy	12182	
Troy	12180	
Rockland		1
Spring Valley	10977	
Saratoga		3
Ballston Spa	12020	
Mechanicville	12118	
Saratoga Springs	12866	
Schenectady		2
Schenectady	12304	
Schenectady	12303	
Schuuyler		1
Montour Falls	14865	
Seneca		1
Seneca Falls	13148	
St. Lawrence		2
Massena	13662	
Ogdensburg	13669	
Steuben		1
Hornell	14843	

Sullivan		1
Monticello	12701	
Tompkins		2
Ithaca	14850	
Ithaca	14850	
Ulster		1
Kingston	12401	
Warren		1
Queensbury	12804	
Wayne		3
Newark	14513	
Newark	14513	
Wolcott	14590	
Westchester		7
Millwood	10546	
Mount Vernon	10550	
New Rochelle	10801	
Peekskill	10566	
White Plains	10601	
Yonkers	10701	
Yonkers	10701	
Wyoming		1
Arcade	14009	
Total Number of Upstate Rent-A-Center Stores		108