

Disclosure and Affordability

Fairness in “Rent-to-Own” Transactions

February 3, 2015

Senate Economic Development, Housing & General Affairs Committee
Sen. Kevin Mullin, Chair
Statehouse, 115 State Street
Montpelier, VT 05633

Dear Sen. Mullin and Members of the Committee:

We, the undersigned, support the goals and policy outcomes associated with proposed regulation of the “rent-to-own” industry. Many Vermonters who lease or purchase household or consumer goods through these transactions are low-income Vermonters, or Vermonters with troubled credit histories. We believe that every Vermonter should know how much something costs and that interest or charges are fair for all Vermonters. Thank you for taking up this important legislation.

When low-income Vermonters enter into rent-to-own transactions they often fall behind in payments, and are left with the impossible choice of either paying the industry or paying for rent, heat, or putting food on the table. This is really no choice at all. Often the bare necessities of life are neglected in favor of the industry for two reasons: first, because the industry will repossess the household goods and the family will lose both the goods and any money paid towards them; and second, because families are afraid that the industry will take them to court or ruin their credit. These are burdens that families will carry with them for years.

We support this legislation because:

- 1) Vermonters **deserve to know** the cash value of a product as compared to the total cost to them before they enter into an agreement; and
- 2) Vermonters **deserve affordable consumer goods** with fair interest rates or reasonable charges.

We urge you and your committee to support a common sense proposal that provides Vermonters with information about the real costs of “rent-to-own” transactions and that caps the total amount that may be charged by the industry. Disclosure and affordability are critical issues we hope that your committee will address on behalf of all Vermonters.

Thank you for your consideration.

AARP-VT

Brattleboro Area Affordable Housing

Brattleboro Youth Services

Capstone Community Action

Champlain Housing Trust

Champlain Valley Office of Economic Opportunity

Chittenden County KIN

Committee on Temporary Shelter (COTS)

Hunger Free Vermont

John Graham Shelter

Main Street Landing

Morningside Shelter

Northeast Kingdom Community Action

Samaritan House

Southeastern Vermont Community Action

Spectrum Youth and Family Services

Vermont Affordable Housing Coalition

Vermont Foodbank

Vermont Legal Aid

Vermont Low Income Advocacy Council

Vermont Network Against Domestic and Sexual Violence

Vermont State Housing Authority