



February 4, 2015

Good Morning. My name is Greg Marchildon and I am the Vermont State Director of AARP. Thank you for the opportunity to testify.

Throughout the last decade Vermont has been among the leaders in our country taking on the predatory lending industry. Whether it's been pay day lending; refund anticipation loans; unlicensed lenders or, most recently with the leadership of Senator Mullin, taking on pension lenders that prey on vulnerable seniors, Vermont has stood up to an industry that finds people at their most vulnerable moments and makes money off that vulnerability.

Rent-to-own operations are businesses in the same classes as these others, and should be regulated with similar vigor.

AARP represents 140,000 Vermonters across the state that at various times in their lives feel the economic pressures that have become increasingly real in our state and our country.

In particular there are seniors throughout Vermont that are living on tight fixed incomes, many on just the benefits provided by social security. To some of these folks the idea of utilizing the services of Rent-to-Own businesses is attractive, and that is fine.

We are not here to say that these businesses should not exist; that they don't provide a service some Vermonters may want. What our members don't want is to enter into these agreements and to suffer the financial consequences of: 1) not having full knowledge of the costs of these agreements; and 2) being charged an interest rate that far exceeds that which is set by statute for other lenders.

Too often our members that venture down the path of the predatory lending industry, for whatever reason, are faced with dilemma of meeting their obligations to the lender or meeting their obligations to basic life supports.

For fixed income Vermonters that have ventured down this path, often as a result of intense marketing, inducements and advertising, it seems unreasonable that we would put them in the position of being chartered, according to one study by Consumer Reports, "two to three times the amount it would cost to buy an item outright from a traditional retailer, with equivalent interest rates of as much as 311 percent."

<http://www.consumerreports.org/cro/money/shopping/rentacenter/overview/index.htm>

To allow Vermonters to be exposed to such exploitative practices is wrong and we commend this committee for taking up this issue.

It should be noted that the vast majority (72%) of Rent-to-Own customers are lower or lower middle class (earning 36,000 or less) with 41% earning \$24,000 or less. <https://www.rtohq.org/about-rent-to-own/>. By contrast this industry is growing exponentially having expanded from 2.7 million customers in 2004 to 4.8 million in 2012, with the industry worth an estimated \$8.5 billion dollars. It seems clear that when the economy suffers, these companies thrive, with people on fixed incomes and working folks fueling these companies growth in profits.

AARP-VT wholeheartedly supports the efforts you have undertaken and looks forward to working with you to help continue Vermont's tradition of protecting our fellow citizens from the profit driven tactics of the predatory lending industry, including those of the Rent- to-Own industry.

Thank you.

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