

WARNING:

RENT-TO-OWN STORES CAN BE HAZARDOUS TO YOUR \$ HEALTH



Tip

Rent-to-own stores often target low-income neighborhoods, charge excessive rates and fees and profit from repossessions.



This new(ish), 13" black-and-white TV set can be yours for only **\$3,000** paid out over **two years**, plus **hidden fees** and the **constant threat of repossession!**

Don't pay \$3,000 for a \$1,000 TV

Rent-to-own stores often carry low-grade electronics, appliances and furniture at marked-up prices. When you buy goods from a rent-to-own store, you may get far less than you bargained for. Many rent-to-own businesses use deceptive practices, including:

- Charging excessive interest rates that range from 190% to a staggering 300% annually;
- Adding "hidden" fees, such as processing, delivery, damage-waiver, product insurance, home pick-up and installation fees, sales tax and more;
- Misrepresenting used, repossessed items as "new."

Miss Just One Payment and Your Item Can Be Repossessed

No matter how much you've paid toward your item and how long you've had it, the rent-to-own merchant can repossess it if you miss **just one payment**. The store is not obligated to refund any of the money you've paid, so you can lose your entire investment as well.

You Can Find a Better Deal

Take steps to protect yourself—and save money in the long run:

- **Know what you're getting into.** Rent-to-own stores are allowed by law to substantially inflate the cash price for a product.
- **Read the fine print.** Make sure you understand all of the terms and fees before you sign a rent-to-own agreement.
- **Don't be afraid to ask if you need clarification.** Demand that all terms be written and clearly explained.
- **Do the math.** Figure out exactly what you will be paying for your item in the long run. And check your budget to ensure that you will be able to afford your payments over time.
- **Comparison shop.** Look at prices at other stores and on internet sites. Often, rent-to-own stores charge much higher base prices, so even if you decide to buy an item outright—this may not be the best place to buy it.
- **Look for layaways, rather than rent-to-own.** Typically, stores that offer layaway services sell their items at retail. They will hold the item while you pay over time, but usually don't charge interest or fees.



Tip

Whenever possible, save up to buy the item with cash.



Tip

Buy used or refurbished appliances, shop at thrift and discount stores, check classified ads and internet sites such as Craig's List (<http://newyork.craigslist.org>) or Freecycle (www.freecycle.org).



New York City
Habitat
for Humanity®

To learn more about rent-to-own stores and other predatory practices and tips on better alternatives, go to our website: www.habitatnyc.org.

Habitat for Humanity - New York City
111 John Street, 23rd Floor
New York, NY 10038
212-991-4000

WHAT DO RENT-TO-OWN PRODUCTS REALLY COST?

A New York City Council report looked at the final costs of several identical consumer products, comparing:

- The manufacturer's suggested retail price;
- Average retail price;
- Rent-to-own store floor cash price (the base price if you buy the product outright);
- Rent-to-own cost for the product paid over time.

You Can Find a Better Deal

Here is an example:

37" LCD Flat Panel HDTV

Average Retail Price	Rent-to-Own Off the Floor Cash Price	Rent-to-Own Total Cost (Approx. \$36.35 per week for up to 142 weeks)	Difference between Average Retail Price and Rent-to-Own Total Cost
\$1,297.65	\$2,479.06	\$5,186.61	\$3,888.96 or 300% more

Let Your Voice Be Heard

If you feel you've been misled or mistreated by a rent-to-own store, you can file a complaint with the New York City Department of Consumer Affairs by calling 311.

Do you have a rent-to-own horror story? Share your experience with Habitat-NYC and help us put an end to these abuses. Call 212-.991-4000 ext. 318

This message is brought to you by Habitat for Humanity – New York City, working to empower Habitat homeowners and all low-income New Yorkers.

Problem:

You need a new refrigerator—now—and can't pay cash for a basic \$1,000 model.

Here are some options:

Rent-to-Own

24 monthly payments at \$80/
payment = \$1,920

Annual percentage rate = 72.5%

Store Credit Card

38 monthly payments at \$40/
payment = \$1,520

Annual percentage rate = 28%

MasterCard/Visa

32 monthly payments at \$40/
payment = \$1,280

Annual percentage rate = 18%

Bank Line of Credit

27 monthly payments at \$40/
payment = \$1,080

Annual percentage rate = 6%



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