



NEW YORK STATE SENATOR

Eric Adams

NYS Senator Eric Adams is Joined by NYS Assemblywoman Audrey Pheffer and Community Clergy and Activists to Announce Signing Into Law of 'Rent-To-Own' Legislation to Protect Consumers

ERIC ADAMS August 5, 2010

| ISSUE: **CONSUMER PROTECTION**



On Thursday, August 5th, NYS Senator Eric Adams and NYS Assemblywoman Audrey Pheffer will hold a press conference, announcing the signing into law of their consumer protection legislation that will regulate the 'rent-to-own' industry

NYS Senator Eric Adams states: “Rent-to-own stores afford consumers an opportunity to obtain high-quality goods that might otherwise be prohibitively expensive. However, appropriate regulatory guidance is essential to protect these consumers and govern how to set cash prices at ‘fair and reasonable levels’ and mandate ‘clear and useful disclosures’ to facilitate informed decision-making.

“We are proud to announce the signing into law of the strictest rent-to-own legislation in the nation. It mandates that information be provided to customers in a clear format at the time of contract and it defines the way in which a base price is set.

“Our legislation will increase consumer protections by improving required contract disclosures and setting new pricing guidelines to ensure that consumers pay fair prices. The prior rent-to-own law was enacted in 1986, and our legislative enhancements further include price controls based on the merchant's documented cost of the merchandise, a requirement that the merchant maintain rental merchandise in good working order, and a directive that the merchant provide notice to consumers of the early purchase option, including the total amount necessary to exercise such option on each payment receipt.

“Additionally, rent-to-own merchants must provide a layman's explanation of the nature of the rent-to-own transaction and offer on each rental agreement and extend an option to pay a temporarily reduced rental amount if a consumer suffers an interruption or reduction in income.

“This legislation not only protects consumers, but also legitimizes the rent-to-own industry in New York State. It is a win-win arrangement.”

NYS Assemblywoman Audrey Pheffer states: “I am ecstatic that after a great deal of research and discussions we were able to enact this new statute that significantly strengthens the law by establishing well-defined price controls that limit the amount a merchant can charge consumers. This is a major improvement over the previous law, which effectively allowed merchants to arbitrarily set prices.

“In addition I am pleased that we were able to include the requirement of a disclosure box – affixed to all merchandise – containing the total amount of payments, cost of rental, cash price, amount of each payment, number of payments and the rental period, along with a layman’s explanation of the rental-purchase transaction in each rental agreement. This will help to ensure that consumers are aware of their rights and obligations prior to entering into a rent-to-own agreement, and that they pay reasonable prices for merchandise.

“While rent-to-own merchants provide a unique service utilized by many New Yorkers, this new statute provides important consumer protections so that they can make an informed decision about their purchases.”