

CONSUMER/JUSTICE GROUPS OPPOSED TO HR 1701 (RENT TO OWN)

ACORN, Arizona Consumers Council, California Public Interest Research Group, Chicago Consumer Coalition, Cleveland Works, Inc., Coalition of Religious Communities (UT), Colorado Public Interest Research Group, Columbia Consumer Education Council (SC), Community Reinvestment Association of North Carolina, Connecticut Public Interest Research Group, Consumers League of New Jersey, Consumers United/Minnesotans for Safe Foods, Florida Public Interest Research Group, Georgia Public Interest Research Group, Illinois Public Interest Research Group, Indiana Public Interest Research Group, Iowa Public Interest Research Group, Legal Services Advocacy Project (MN), Maryland Consumer Rights Coalition, Maryland Public Interest Research Group, Massachusetts Consumers' Coalition, Massachusetts Public Interest Research Group, Montana PIRG, National Center on Poverty Law (IL), New Jersey Public Interest Research Group, Niagara Frontier Consumers Association (NY), New Hampshire Public Interest Research Group, New Mexico Public Interest Research Group, New York Public Interest Research Group, North Carolina Consumers Council, Inc., North Carolina Hunger Network, North Carolina Public Interest Research Group, Ohio Public Interest Research Group, Oregon State Public Interest Research Group, Pennsylvania Public Interest Research Group, Public Interest Research Group in Michigan, Rhode Island PIRG, SC Appleseed Legal Justice Center, The Center for Public Representation, Madison (WI), Vermont Public Interest Research Group, Washington Public Interest Research Group, West Virginia Citizen Action Group, Wisconsin Consumers League, Wisconsin Public Interest Research Group

12 June 2002

Oppose The “Anti-Truth In Lending Act” HR 1701—Rent-to-Own Bill

Bill Is Not Pro-Consumer, Is Designed To Preempt Numerous Better State Laws

Dear Representative,

We, the undersigned consumer organizations, are writing to urge your strong opposition to HR 1701, the rent-to-own bill introduced by Reps. Jones (NC) and Maloney (CT) and expected to come to the House floor this month. In asking you to oppose this bill, we join every national consumer group, including Consumers Union, U.S. PIRG and the Consumer Federation of America, as well as the International Union, UAW and the United Steelworkers of America. In addition, 52 state and territorial Attorneys General oppose the bill. It is anti-consumer and it preempts stronger state laws.

Yet, be wary that the bill may be falsely represented to you by its industry proponents as pro-consumer or as not preemptive of stronger state laws. Neither is true. The sole purpose of this legislation is to preempt strong state laws in Minnesota, New Jersey, North Carolina, Wisconsin and Vermont and replace them with HR 1701's weak “industry-approved” regulation. Worse, the bill would preempt other states from passing laws similar to those in these five states, where renting-to-own is considered a credit-sale transaction, subject to applicable usury and finance charge limits and APR and other disclosures.

Industry's goal is to enact its new “Anti-Truth In Lending Act” because it does not want to tell its low-income, working class customers the cost they pay for credit when they seek their piece of the

American Dream. Instead, HR 1701 would allow rent-to-own stores to sell consumers over-priced televisions, furniture and appliances at the “low price of only \$9.99/week,” with between 52 and 104 contractual weekly payments, without disclosing the cost of credit and their exorbitant 100-250% APRs, only the “low” weekly cost and the total cost. Why should Congress deprive rent-to-own customers of the disclosures and consumer protections routinely granted by the Truth In Lending Act and state retail sales laws to every other credit customer? Why should Congress cancel stronger state laws supported by consumer groups and state attorneys general?

Although the bill was modified slightly in the subcommittee, it still preempts all existing state laws that treat rent-to-own transactions as credit sales and it still prevents all other states from strengthening their weak disclosure laws above the bill’s very low federal ceiling of protection.

Consumers need more, not less, protection from predatory financial practices. We urge you to vote against HR 1701, the industry-friendly, consumer-opposed “Anti-Truth In Lending Act” that preempts stronger state laws and deprives rent-to-own customers the right to compare the costs of alternative credit transactions. Instead, support HR 2498 (Waters) and support amendments to HR 1701 that would eliminate its provisions preempting state laws that properly treat rent-to-own as a credit transaction, subject rent-to-own to usury limits, and require APR disclosure.

Sincerely,

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Illinois Public Interest Research Group
Indiana Public Interest Research Group
Iowa Public Interest Research Group
Legal Services Advocacy Project (MN)
Maryland Consumer Rights Coalition
Maryland Public Interest Research Group
Massachusetts Consumers’ Coalition
Massachusetts Public Interest Research Group

Montana PIRG
National Center on Poverty Law (IL)
New Jersey Public Interest Research Group
Niagara Frontier Consumers Association (NY)
New Hampshire Public Interest Research Group
New Mexico Public Interest Research Group
New York Public Interest Research Group
North Carolina Consumers Council, Inc.
North Carolina Hunger Network
North Carolina Public Interest Research Group
Ohio Public Interest Research Group
Oregon State Public Interest Research Group
Pennsylvania Public Interest Research Group
Public Interest Research Group in Michigan
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