

Rent to Own Is it for you?

Rent-to-Own stores are popular and they offer:

- no credit check
- no money down
- free repairs during payment period

However, rent-to-own agreements can cost much more.

Renting Costs More!

It will cost you a lot more money to rent-to-own than to buy on credit or pay cash. Here is an example of what a 25-inch color TV would cost:



Rent - to - Own

You pay \$59 a month for 18 months.
The TV costs \$1,062.

Buy on Credit

(at 19.8 percent)



You pay \$25 a month for 18 months.
The TV costs \$450.

Buy Cash

The TV costs about \$380.

If you save \$64 a month for 6 months you can buy the TV for cash. You can own it a year sooner than you can with rent-to-own. Repairs may be covered by the warranty when you pay cash or use credit

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Rent - to- own contracts are called Consumer Rental Purchase Agreements under Iowa law. These contracts allow you to rent a product at a set price per month with an option to buy the item. Three choices are available.

Rent and Return: You can rent the product and return it to the store any time after the minimum rental period.

Full Term Purchase: You can buy the product by making a specific number of monthly rental payments after which you own the item.

Early Buy-Out: You may buy the product at any time by paying an amount equal to the cash price of the item minus half the total of all previous rental payments.

Other Options

Rent-to-own purchases will *cost you more!* Before choosing a rent-to-own purchase, think about other ways to buy the item you need or want—for less money.

Save money for just a few months to pay cash for the purchase.

Buy good used items at appliance or furniture stores. Other sources of used items include want ads, garage or moving sales, auctions, and thrift shops.

Check out installment credit at regular appliance or furniture stores.

The Choice is Yours

If you choose rent-to-own, compare the rental price of the same item at several rent-to-own stores. Weekly and monthly rental rates vary greatly between stores. Compare any "extra" charges. Delivery fees, late payment fees, and charges to pick up the payments at your home boost the costs.

Before signing any rent-to-own contract, read it, be sure you understand it, and be sure it is accurate. A rent-to-own contract should show:

- § the cash price if you were to purchase the product today
- § the amount of each payment and when the payment is due
- § the number of payments required before you own the item
- § the total dollar amount of payments before you own the item
- § description of the item including model numbers
- § whether the product is new or used

Do not sign a rent-to-own contract with any blank spaces. Get a readable copy of what you sign and keep it in a safe place. Remember at rent-to-own, you don't actually "own" the item until you make every payment. If you miss even a single payment, you could lose the item and all the money you paid.

Carefully consider options before entering into a rent-to-own agreement. For a more detailed explanation contact the Iowa Attorney General at 515-281-5926 or the Iowa Concern Hotline at 1-800-447-1985.