

Is a rent-to-own store right for you?

What is a rent-to-own store?

According to a [2011 Consumer Reports Investigation](#), "The rent-to-own industry has more than 4 million customers, and its about 8,600 stores in the U.S. and Canada generate \$7 billion in annual sales, according to its data. The lure of stores such as [Aaron's](#) and [Rent-A-Center](#) is that you can acquire a new or used washing machine, television, or bedroom set right away, typically without a credit check and with relatively low weekly or monthly payments. Your agreement is generally on a week-to-week or month-to-month basis, and you can return an item and walk away without penalty and without damaging your credit score, as you would if you were late on a traditional loan payment. "

Does Virginia regulate these stores?

Virginia does regulate these stores through the Virginia Lease-Purchase Agreement Act, but this provides very little consumer protections. It mostly forces the stores to properly disclose such things as:

- The total amount of payments you will have to make to own the property
- Any other fees you might have to pay (such as late fees or pickup fees); and a
- Description of your responsibility if the property is lost, stolen or damaged

Certain things are prohibited under the Act. For example, the seller can't breach the peace repossessing the property. In other words, the store employees can't push their way into your home against your wishes to repossess even if you are behind in your payments.

The bottom line:

Rent-to-own is a very expensive way to buy property and you might instead consider postponing purchases until you can afford them. An example from the Consumer Reports Investigation shows just how costly rent-to-own can be:

Consider the deal for a \$612 Toshiba laptop computer we found at one rent-to-own store. It was being offered at \$38.99 a week for 48 weeks, for a total of \$1,872, excluding sales tax and other charges. That's the same as buying the laptop at the manufacturer's suggested retail price and financing it at an interest rate of 311 percent. You could buy three of the laptops outright for that \$1,872.

Even a [high-interest-rate credit card](#) is a better option than rent-to-own. Let's say you were to finance the laptop at 29.99 percent, among the highest credit-card rates we could find, and pay the same \$38.99 a week. You'd end up saving more than \$1,000 compared with the rent-to-own scenario and own the laptop in about 20 weeks, instead of 48. Even better, if you were to put that \$38.99 in the bank every week, you would have to wait only four months to buy the laptop. Savings: \$1,260.

