

PROGRESSIVE Rentals

The magazine of the rental-purchase industry • June/July 1995

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Cover design by Joel B. Mathews
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A·P·R·O

Industry veterans Chambers, Sharp take executive positions

Two veteran rental-purchase industry executives, who also have long service records in the Association of Progressive Rental Organizations, have made recent job changes.

Wayne Chambers, 1991-93 APRO president and longtime chairman of the association's tax and accounting committee, has joined Allen Lewis' team at Albuquerque, N.M.-based Amigo Rentals as chief operating officer.

Chambers started his RTO career with Remco in 1976 as an accountant and was executive vice president over 90-plus stores when he left the company.

In 1983, Chambers acquired some of Remco's franchise stores, which he left Remco to run full time in 1986.

He was general partner of Houston-based CWD Enterprise Two Ltd., with stores in Ohio and Oklahoma. Chambers sold his stores last year.

Chambers was pictured on the February/March 1995 cover of *Progressive Rentals* for his efforts in testifying on the rental-purchase industry's behalf before the

U.S. Congress on Jan. 26 of this year.

Roger Sharp, meanwhile, has joined Terry Musick at National TV & Appliance, a six-store chain in West Virginia.

Sharp is longtime president of the West Virginia Rental Dealers Association and a former member of the APRO Board of Directors, on which he served from 1988 to 1994. He also served as a multiple-term officer on the APRO Executive Committee and chaired the association's publications committee from 1991 to '93.

In 1989, he earned the prestigious honor of APRO Dealer of the Year. Today, Sharp is the only APRO Life Master rental dealer—the highest industry certification, earned through exemplary service and experience.

In 1993, Sharp, Musick and others successfully negotiated a rental-purchase law in West Virginia.

In other news, APRO Second Vice President Chris Korst of Rent-A-Center and his wife, Clare, had twin girls—Caroline Joyce and Genevieve Sharon—on April 7. They join 19-month-old brother Andrew Joseph.

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As the saying goes, the time has come to say goodbye.

This is my last column as APRO president. I have always felt that goodbyes should be short and sweet, so I will not ramble on.

I first would like to tell each and every APRO member how great an honor it has been for me to serve as your association president these past two years. As I have said many times before, my term as APRO president has been a major highlight in my life.

Two years ago, when Bill Keese and two APRO past presidents suggested that I run for president, my answer was a quick and clear "No!" But they were persistent and persuasive, so I agreed to run.

I was scared to death. This industry was under major attack at the time I threw my hat in the ring to become APRO's president. The day I made that decision, APRO received word that U.S. Rep. Henry B. Gonzalez wanted a congressional hearing on rental-purchase in

front of the House Banking Committee.

During that first month I was in office a group of us had a strategic planning meeting in Florida. The day I arrived in Florida was the same day the *Wall Street Journal's* outrageous article blasting the industry hit the streets.

"You must have been crazy to have accepted this position," I kept telling myself. I felt like that turtle in the cartoons, who would yell for Mr. Wizard to take him home when he was in a jam. Of course, there was no Mr. Wizard to take me home.

In my second month as APRO president, I saw the answer to our problems. It was the members of APRO. I learned quickly that my job as president was to help set the direction and

strategies for our many battles ahead. The many great members of APRO would do the fighting.

For all the successes that were realized during my two years as APRO president, I want to express my thanks to every member of this association. You were the ones who made these successes happen.

When any APRO president leaves office, there is always the natural question of who will be the next president. I cannot answer that, but I would like to leave the APRO membership with this true story: Past president Ted Wilson said to me when I was deciding whether to run for the office, "APRO seems to find the president who fits the time the industry is in." Ted said my time was then. Our new president will fit the time, and his or her time is now.

Before I sign off, I would like to say thank you to the members of both boards with whom I served, the APRO staff (the best association staff in the world), my good friends and fellow past presidents Ted Wilson and Wayne Chambers, and most of all my family for sticking by me these past two years.

I want to leave you with one thing to remember: The "P" in APRO stands for Progressive. May our industry continue to show this nation there is a great need for our goods and services, and may we as individuals continue to progress to becoming the best people we can be.

Thank you.

Kevin Quinn, two-term president of APRO, is president of the rental-purchase company Quality Rentals, Inc., based in Puyallup, Wash.

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The first lesson I learned when I was newly elected to the Texas House of Representatives was the importance of knowing my constituents and taking care of their needs.

A former Speaker of the Texas House taught me this and, indeed, it served him well.

His former constituency appointed him county judge even after he became a convicted felon. The man went on to serve as county judge for more than 15 years and served well.

This little ol' Texas tale just goes to show you how important it is to know your customers and treat them like you would want to be treated. The adage goes back to biblical times and is as true today as ever before.

Our industry has been built on this notion and has served all of us well over the last 15 years. But things are a changin' in rental-purchase in many areas and we all need to remember our customers and their needs.

In fact, I just returned from an excellent meeting with the Washington state rental dealers and one of the most important topics

discussed was the state of the industry. By all accounts, the future is bright.

Never let us forget our "constituents," our customers and how we are to treat them.

Many dealers are spending more time in their stores talking with their customers about their needs. Along with store owners, buyers are being sent to the stores to visit with customers to ensure they stock the stores with what the customers want.

Several dealers have told me the desires of their customers are changing. I have heard this enough times in visiting with dealers around the country to warrant this as the topic of this issue's column. We can never get away from the roots of the rental-purchase industry—our customers.

Most people foresee another round of consolidation in our industry. I believe them to be right. Certainly, companies that fall behind in providing top-quality services and products to their customers will be the first to "go."

And rightfully so. As rental-purchase matures as an industry, we must become more and more in touch with our "constituents." The larger we expand our companies, the more need to "know our customers."

A few companies have conducted surveys of their own customers. Some have even hired professional survey outfits to do it for them. Rent-A-Center and Champion have conducted extensive and, I might add, expensive customer research. This will pay off for them.

If you haven't surveyed your customers lately, you should do so as soon as possible. Our customers and their needs are different today than they were a few years ago.

APRO now has available the first ever national customer survey results that are not company-specific. It was commissioned last August and was conducted by America's Research Group. This is the same company that does most of the customer research for the electronics, appliance and furniture industries.

One of the unique aspects of this survey is that 32,000 people were contacted to reach 809 current and former RTO customers. It's available to all APRO members and a copy should be in the library of all rental-purchase dealers' offices. We will have them available for inspection and purchase at convention.

I believe those of you who devote enough resources to knowing your customers, providing them with what they want, and treating them like you want to be treated will grow and prosper during the coming years.

Those who don't will have a tough time.

Bill Keese is APRO's executive director.

This announcement appears as a matter of record only.

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April 1995

Industry foe Preate cops to federal fraud charge

By JOHN MASSEY

Attorney General Ernest D. Preate Jr., who for years attacked the rental-purchase industry in the Commonwealth of Pennsylvania and harassed the nation's dealers through his position in the National Association of Attorneys General, resigned his post as Pennsylvania's top prosecutor and appears to be heading to jail.

The career prosecutor, who served as AG since 1989, pleaded guilty on June 13 to a federal felony mail fraud charge for soliciting and hiding illegal cash campaign contributions from operators of illegal video poker machines. U.S. Attorney David Barasch indicated that the 54-year-old Preate will likely spend time behind bars. Sentencing guidelines under the federal mail fraud statute allow for a maximum penalty of five years imprisonment and fines totaling \$250,000.

Preate, who has sued one rental-purchase company and launched an undercover investigation of all of the industry's stores under

his jurisdiction, pushed for the passage of the Pennsylvania law that declares all forms of rental-purchase transactions to be credit transactions. Although a Republican, he teamed with Legal Aid lawyers and Rep. Henry B. Gonzalez to bash the industry in a U.S. House Banking Committee hearing in 1993. Preate also formed the NAAG study committee to investigate the current state rental-purchase laws throughout the nation.

According to a U.S. Department of Justice press release from Barasch and FBI Special Agent in Charge Robert Reutter, Preate agreed to plead guilty to "violating the federal mail fraud statute by engaging in a scheme and artifice to defraud the State Bureau of Elections and the citizens of the Commonwealth of Pennsylvania over a nine-year period spanning from 1985 to 1994."

The June 13 release, distributed by the U.S. Attorney's office for the Middle District of Pennsylvania, stated: "According to the Criminal Information unsealed today in federal court, Mr. Preate, while serving both as

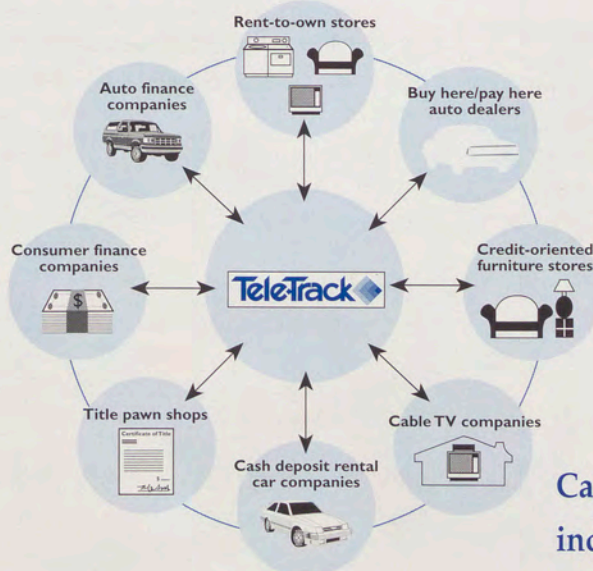
District Attorney for Lackawanna County and as the Attorney General of Pennsylvania, participated in a scheme to fraudulently conceal approximately \$20,000 in cash contributions received from the owner-operators of various video poker vending businesses."

The Associated Press reported that Preate's resignation will take effect on June 23. The resignation was a part of the plea agreement, which also prohibits Preate from "seeking or holding any public office during the term of any sentence, including any term of supervised release, imposed by the court."

U.S. Attorney Barasch said Preate's guilty plea ended "a nearly decade-long scheme of repeated violations of state campaign finance laws through a pattern of fraud, concealment and deception."

John Massey is APRO's associate editor.

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The supply cabinet of every rental store is stocked with some of the most effective training materials ever produced or distributed.

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The problem with most training programs is their reliance on a store manager or monitor who's never been trained as a trainer. Employees wade through workbooks or watch videotapes and then answer questions to see how much they've learned. Reality sinks in when they go on deliveries or collections and discover that none of their customers have read the same books.

In this scenario, too many otherwise good people end up convinced that training is a big waste of time designed to satisfy some guy at home office who doesn't even know what their job is.

Training can work best in the small company when it's unplanned and unorganized, but dead on target. This means somebody who's good at the job shows somebody else how to do it right and then follows up later to see how it's going and make any needed corrections. When that's happening every day with positive effect, it's time to invest in organized training and take things to the next level. But first start with unplanned training. Anybody can do it, provided they are only reasonably able to communicate.

The following are materials you'll need. You can see that they're already paid for and in the stores now.

PRODUCT MANUALS

Our employees don't need to be experts, but everybody should have some basic product knowledge. Packed inside every product carton is an owner's manual. Copy the pages you need and review them regularly with the crew. When customers are impressed with your product knowledge, they tend to believe you know what you're doing in other areas as well. That can never hurt.

RENTAL ORDER

This business thrives on the premise that a few critical pieces of personal information are

worth more than any credit report. People who don't understand this kind of "sidewalk finance" fail at managing it. The order is where the deal begins and everybody should know how to get the most orders with the really critical information on each one. For example, the little box at the top of every order form helps make sure we deliver the right goods on time, at the right price. Get that right and some problems disappear now.

LEASE AGREEMENT

This is the most important document the customer signs and the one we spend the least time teaching. Here, spelled out in plain language, are all the rights, obligations and liabilities of each party, along with product descriptions, costs and other legal disclosures. Nothing else so clearly explains the rental-purchase business.

RECEIPTS

These track the cash and help us keep accurate accounts, both of which mean less workload. Proper receipts describe the source of funds and the application of funds; the destination and description of goods delivered; the origin of goods returned and the reason; plus the transaction date and name of the person who processed it. Proper receipts promote good inventory management and the concept of "time as money." What can be more important?

COLLECTION CARDS

These help us organize work and set daily priorities. The results of collection activity are documented and a simple review tells us what part of the process needs changing. Daily monitoring of the cards reduces write-off and rent losses as well as overtime expense. You want account managers who can scan the cards, think on their feet and make the right decisions. They're developed, not hired.

DAILY REPORT

Really smart operators have software that's both a management tool and a reporting tool. While the green-eye-shade brigade at home office is mostly concerned about bank deposits and inventory moves, the folks at store level are charged with managing those. So the real value of a daily report lies in its presentation of critical information in a way that lets store personnel tweak operations as needed. At the same time, they can easily account for cash and inventory.

FINANCIAL STATEMENTS

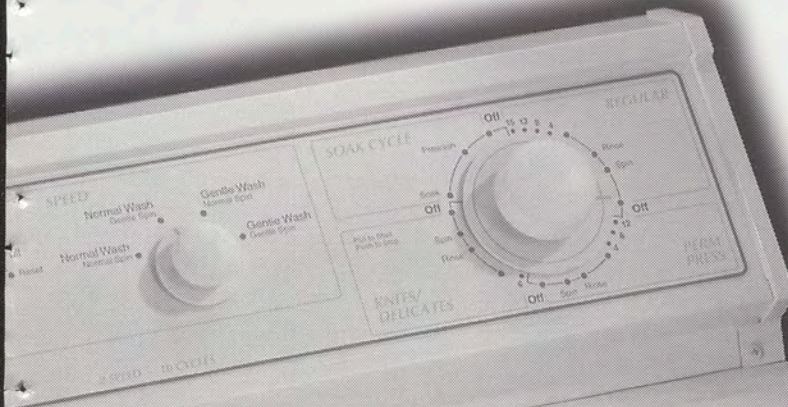
It's no coincidence that companies with the best results also share profit-and-loss statements with employees. The P&L is to training what a report card is to schooling. Store P&L meetings help dispel the infamous 300-percent profit myth, squelch rumors about the company's future, provide clues to needed changes, and generally let people know how they're doing and whether they're progressing on budget. Name one other document that does all this.

The beauty of unplanned training is that it doesn't eat up more dollars, more payroll hours, more anything. Every transaction, every decision, every sale flier is another opportunity to train.

Managers who plant themselves behind the counter—taking every payment, handling each customer and ignoring subordinates—will always appear to be very busy. They believe that's their insurance. Smart ones, however, know that improving their people is the best insurance.

Bud Holladay is vice president of marketing for Alrenco. He is a former rental dealer and the founder of APRO.

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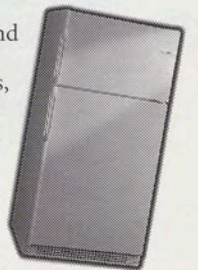


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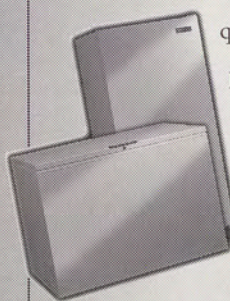
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Joel B. Matthews

Retaining Key Personnel

By J.R. GANDY

What is your worst-day scenario after the IRS agent? It's probably when you find out that manager Joe T. Keyman is leaving your family of employees in pursuit of advancing career opportunities at Greener Pastures RTO. You say that you are sorry that he's leaving and ask if there is anything within reason that you can say or do to persuade Joe to reconsider? When he says there isn't, you ask: "Who owns Greener Pasture Rentals? Is it a local dealer? I don't recall hearing of that company before."

Joe grins and says, "You probably haven't. That's my new company. I believe that I can do as well, if not better, financially than I have with you. Plus, I have these incredible credit lines from our vendors. I'm opening up in the south part of town, right in that area we have been talking about for so long."

Right then you know he's gone. After all the training, the time you've spent, the customer and business knowledge he's acquired through you, and now he is your competition. This makes you sick, because you know he is right—he can do it.

The people in the south part of town have been driving into your southeast store. Well, you know that it's going to suffer. Plus, you like the guy and this really hurts. You knew in the beginning that he had the "right stuff," and you had great plans for him, but he doesn't know that.

Does this sound like an unrealistic situation?

Look around this industry. You'll see that most rental-purchase owners are in the business after having been trained and successfully managing someone else's operation. These men and women probably started at the lower levels and gradually advanced into store and company management. After getting a feel of the risks and procedures involved in running a rental-purchase operation, they chose to move on. Through those years with someone else's company, they developed expertise and have developed contacts with vendors and distributors offering generous floor-plan terms.

Many owners have seen their "proven successful" key people race into the rental-purchase business only to court the same customers and invade their former company's profit margins.

So the big question comes: How do you retain those "key" individuals you need to have for the long-term success of your operation without training them to be your competition?

You could give them a percent of your monthly or quarterly receipts as an incentive. Problem is, once they cash the incentive check they could be looking for the next one, or they take your deal to the competition to see if they can get a better offer. Plus, incentive programs are expensive and can have a sizable negative impact on your bottom line. Maybe they will hang out and work hard under this relationship until they save enough to start their own RTO empire.

Some employees may never be happy working for someone else, following someone else's rules and procedures, especially if they are fully vested in their benefits and incentive programs. But what if the "carrot" is always dangling out front and they never fully vest? Would they stay longer? How would you structure this carrot? Does the "key" employee's loyalty develop before or after the vesting?

To ensure the loyalty level is consistent with your vision and corporate need, you could have the employee sign an employment (non-qualified salary continuation) agreement which states: "For prior services and continued loyalty, if 'key person' is still employed by your corporation at their retirement, then they will receive approximately \$40,000 annually for the next 15 years. In the event that they leave your employment prior to that stated time without your permission, then they lose all stated benefits."

Sounds harsh, but possibly very effective. While the employee is at work, the asset is owned and controlled by the corporation. If the employee leaves for reasons other than those stated in the agreement, then the corporation still owns the asset and now has a prefunded program to attract another "key" person. The corporation is now in a

Continued on page 21

Keeping it legal

The rental-purchase industry and its opponents battled to a draw last year in Washington, D.C. It was finally easier for Congress to do nothing than to enact either the Gonzalez/Metzenbaum anti-industry bills or the LaRocco/Shelby industry-supported bills. With a Republican majority in the new Congress, the industry may feel more secure against Gonzalez-type attacks, but has already been learning the difficulties involved in getting significant new regulation enacted by a Congress with a definite anti-regulatory agenda.

The industry may be able to get this new Congress to declare that rental-purchase transactions are leases as opposed to sales, but it will have a far tougher time getting LaRocco/Shelby-type regulatory legislation enacted.

At the same time, however, the industry's state legislative program continues. Since the last survey one year ago, four more states have added rental-purchase legislation to their books, all of which recognize rental-purchase transactions as leases and which regulate the transactions in comprehensive fashion. This brings to 42 the total of states with rental-purchase legislation.

Vermont has a statute defining rental-purchase transactions as leases, but leaves regulation of those transactions to the rule-making authority of the attorney general. To date, Vermont's AG has not promulgated

any rental-purchase regulations.

In the best of all possible worlds, these state statutes would be uniform, much like the Uniform Personal Property Leasing Act, now article 2A in the Uniform Commercial Code in some 45 states. But there has been far less controversy surrounding the passage of article 2A than with rental-purchase statutes, primarily because article 2A is not designed as consumer protection legislation and, therefore, does not have a defined constituency ready to do battle over its provisions.

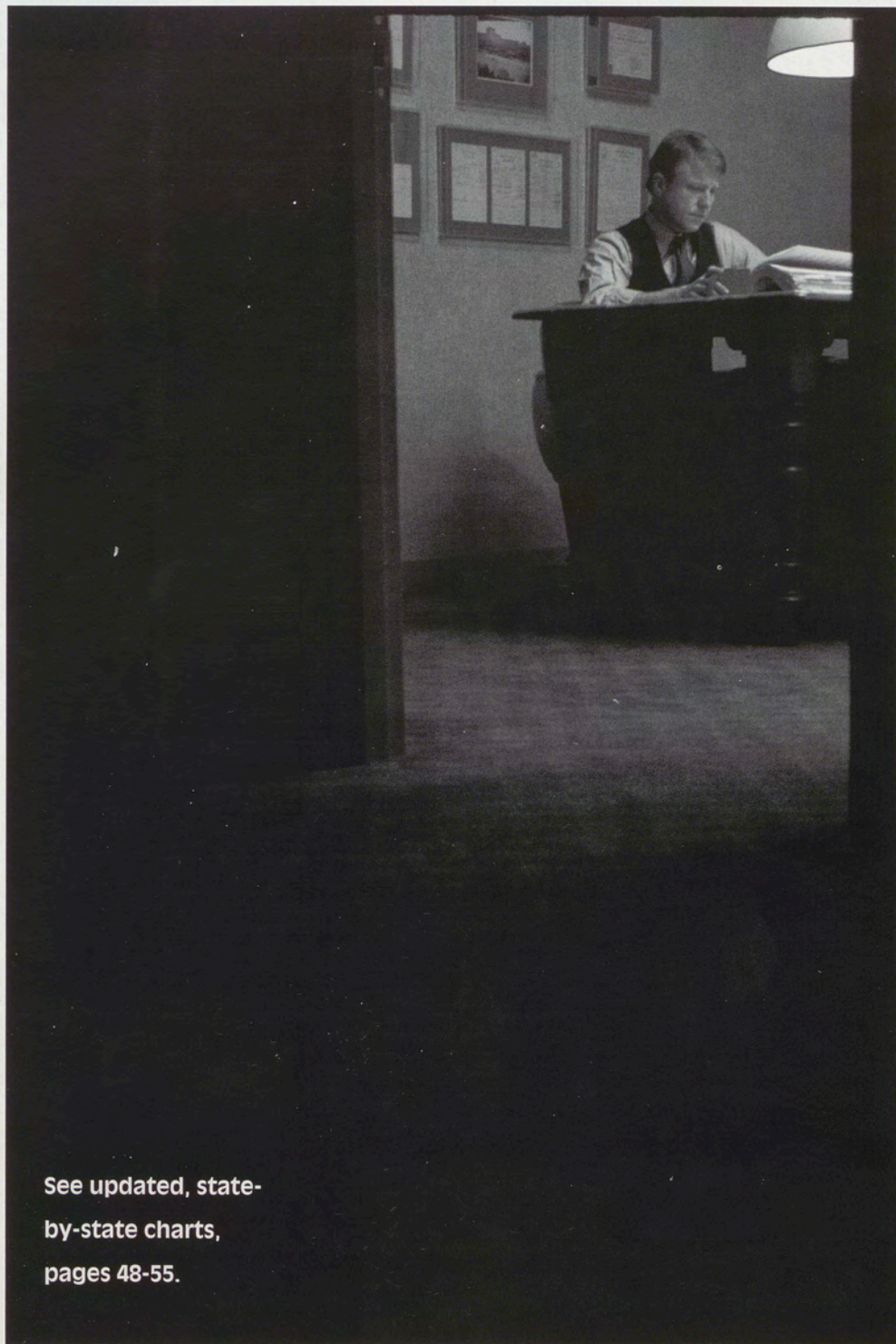
Article 2A is primarily commercial legislation, and gives much deference to the notion of freedom of contract. Both commercial lessors and lessees have given widespread support to article 2A.

Not so, of course, with rental-purchase statutes around the country. Consumers themselves have not lobbied for or against rental-purchase bills, but consumer advocates around the country have insisted on provisions important to them, which are by no means uniform.

Some consumer advocates are perfectly satisfied with the rental-purchase enactment in their states; others continue to whine that the rental-purchase statutes do not go nearly far enough. Some of these advocates will only be satisfied if there are no distinct rental-purchase transactions permitted in the marketplace.

Continued on page 20

BY ED WINN III



See updated, state-
by-state charts,
pages 48-55.

Joel B. Mathews

Rent-Way doubles in size

Rent-Way Inc., one of the handful of publicly traded rental-purchase companies, announced on June 12 that it signed a definitive agreement to acquire McKenzie Leasing Corp., a privately owned 45-store rental-purchase chain with annual revenues of approximately \$24 million.

The acquisition more than doubles the 41-store Rent-Way chain.

McKenzie Leasing are located in Illinois, Indiana, Michigan, New Jersey, Ohio and Pennsylvania. Rent-Way's stores are in Florida, New York, Ohio and Pennsylvania. Combined annual revenues following the transaction are expected to be more than \$45 million.

Rent-Way, based in Erie, Pa., has secured financing for the transaction, which were finalized after documentation by the lending institution. The \$18 million transaction was paid for with a combination of common and preferred stock.

TRIB Group elects board

Veteran APRO board member Darrell Tissot of Countryside Rentals in Bainbridge, Ohio, was re-elected president of The Rental Industry Buying Group at the buying co-op's convention in Atlanta.

TRIB Group, which is made up of 80 member dealers with 975 rental-purchase stores, also named its board of directors. John Blair is TRIB Group's executive director.

Joining Tissot on the TRIB Group board: Ed Statton of Jett TV & Stereo Rentals in Wynne, Ark.; Bill Kasper of Today Rentals in Baltimore; Cynthia Baber-Strunk of Baber's Leasing in Pascagoula, Miss.; Paul Berube of Adams TV Rentals in Weare, N.H.; Russ Blackford of Seajay Investment in Corpus Christi, Texas; Bob Fishman of Rentown in Plantsville, Conn.; and Dennis Shields of Ace TV Rentals in Athens, Ga.

During TRIB Group's 12th anniversary celebration, dealers honored co-founder and long-time officer Lowry Shrader. APRO Executive Director Bill Keese also addressed TRIB Group's membership.



Aaron Rents lists profits

Aaron Rents, which has rental-purchase and rent-to-rent stores throughout 21 states, announced that its rental-purchase revenues surged to as much as 58 percent over last year's figures.

The growth in revenue amounted to \$21 million in the most recent quarter ended and \$75.8 million in the full fiscal year. Charles Loudermilk Sr. is Aaron's chairman and CEO.

On June 13, Loudermilk announced that his rental-purchase chain has launched a new in-store gallery program for This End Up furniture. This End Up, one of the nation's top furniture retailers with 234 stores in 35 states, will sell the furniture to Aarons, which rents to its customers with an option to own.



Michigan gives big

During their May 17 meeting, Michigan's rental dealers agreed to raise \$10,000 for APRO's federal legislative effort for the second straight year.

"The dealers in Michigan recognize the work we're doing for the industry at the federal level, and they've once again made the commitment to help us score an all-out victory on all fronts," said Ron Waters, APRO's director of government affairs.

Waters, who attended the May 17 meeting, said Michigan association president James Patterson of Continental Rental, Inc., gave APRO a vote of confidence with his \$10,000 pledge.



APRO server changes

APRO members participating in the association-endorsed discount delivery program will see their AIRBORNE EXPRESS rates get better when they sign up with APRO's new provider, UniShippers.

UniShippers is the largest AIRBORNE re-seller and will provide APRO members with several special rates and services.

To set up an AIRBORNE account, or to change your current account to UniShippers, call UniShippers Association in San Francisco, collect, at (415)346-2073. After setting up your new account, airbills and supplies will be delivered within two business days.

For additional information, contact APRO's Carolyn Fitzsimmons at (512)794-0095.

PUBLICLY TRADED RTO STOCKS

RTO Company	Symbol	6/19 Price	52-wk. hi	P/E
Advantage (COMCOA)	ADVG	16-1/4	18-1/4	13.1
AaronRents A	ARONA	14-7/8	15-1/4	13.1
AaronRents B	ARONB	15	16	13.2
Renters Choice	RCII	21	24	17.8
Rent-Way	RWAY	14-1/4	15	69.0

SGAT 11 1/4 SGA 9 1/2 SET 3 1/8



New Cleek added to Mo. roster

Things are going all right for "Tiger" John Cleek, owner of the quickly growing Cleek's Rent-To-Own chain in Missouri. And working to open his fourth and fifth rental-purchase stores over the next couple of months is just part of the excitement for Cleek, who also serves as president of the Missouri Rental Dealers Association.

On May 22, "Tiger" John and wife Ann became the proud grandparents of John Clifton Cleek III. The 7-pound, 3-ounce, heir apparent to the Cleek empire is the first son of John Cleek Jr. and his wife Heather.

Cleek's Rent-To-Own was started by Clifton Elmo Cleek in 1956. "Tiger" John, who worked as a manager for his father after graduating from the University of Missouri in 1972, took over the business in 1973 when his father was killed in a plane crash. John Cleek Jr. has been working in the business for a while and is reportedly expecting a raise.

The senior Cleek said the youngest of the family would make public appearances in a number of Father's Day television promotions in June.



Sunny Mfg. is honored

Sunny Manufacturing of Longwood, Fla., was named 1994's Manufacturer of the Year by the

Florida chapter of the Veterans of Foreign Wars. Several dozen companies were nominated for the award.

"This is awarded to Sunny for its continuing effort in hiring and training veterans," said Sunny co-founder Scott Pilato. "The military training and work habits attained by veterans make both the men and women an integral part of our work and management team. We are very proud of this award."



Media kits available in Las Vegas

APRO members attending the association's Aug. 7-11 convention and trade

show in Las Vegas will receive new media packets, produced this summer to include the latest nationwide customer surveys. The rental-purchase media packet, developed by APRO's national public relations firm The Aker Partners, can be used as educational tools for members of the news media looking into the industry.

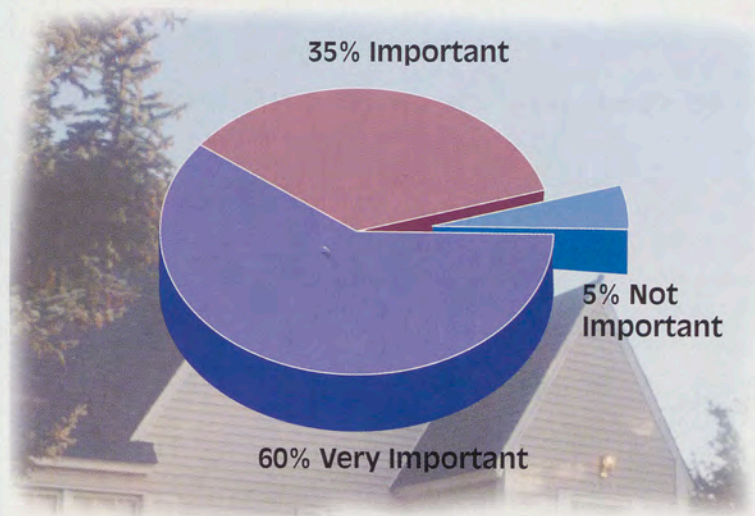
Extensive industry survey data distributed by APRO

The results of an extensive, nationwide rental-purchase customer survey conducted by America's Research Group are available now from the APRO office.

The survey, a random telephone poll of 809 current and former rental-purchase customers, was conducted in August 1994. The complete survey results are included in one volume and the 351-page book is available to APRO members only at \$100 per copy.

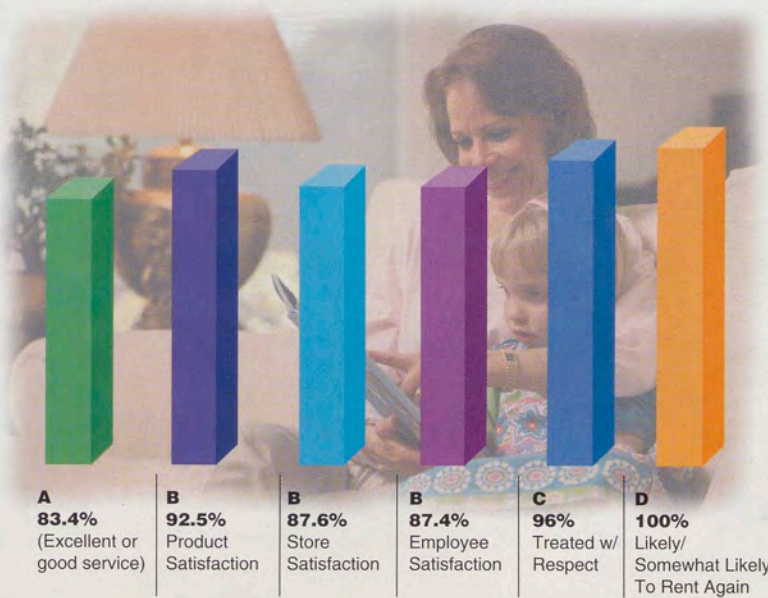
"The results of this survey have proven valuable to those dealers who have obtained a copy," said Bill Keese, APRO's executive director. "The survey was conducted by a highly respected, independent firm that specializes in customer market surveys. This is the first time such complete information has been gathered, and the results are quite positive for the industry. The marketing specialists in this industry should really take a look at the data we've gathered."

How important is the right to return?



Source: America's Research Group

What do customers like about RTO?



Source: America's Research Group

Continued from page 16

Among these widely divergent attitudes of consumer advocates, the industry has patiently lobbied to get reasonable and balanced rental-purchase legislation to allow rental-purchase merchants to conduct their businesses in a safe environment, acknowledging that given the nature of the consumer-oriented enterprise, some regulation is in order.

It has been against this statutory backdrop that the rental-purchase industry has gotten the patchwork of state laws that now cover most of the country. If some rental-purchase statutes are not as all-encompassing as some consumer credit legislation, some rental-purchase statutes are every bit as comprehensive as credit sale statutes.

The California and West Virginia statutes leave few aspects of the rental-purchase business in those states unregulated. From pricing provisions to detailed collection practices prohibitions, these two statutes go far beyond standard disclosure legislation which exists in many other states.

To some extent, the look of a final rental-purchase statute depends upon the political connections of local dealers; the fervor of the

opposition; and the overall reputation of the industry in the state, as evidenced by complaints to public officials, media coverage, and luck and timing. The last two are always important issues in state politics.

purchase, whether the property is new or used, and an explanation of who has the risk of loss for the property during the agreement.

Almost all states also require disclosure of the amounts of all "other charges" and an expla-

Amid the remarkable diversity of the rental-purchase statutes, there has emerged a core of disclosures from the many different legislative bodies which have examined the issue.

All 42 statutes require rental-purchase merchants to disclose the amount and timing of periodic rental payments, and the total number of payments necessary to acquire ownership.

Amid the remarkable diversity of the rental-purchase statutes, there has emerged a core of disclosures from the many different legislative bodies which have examined the issue.

All 42 statutes require rental-purchase merchants to disclose the amount and timing of periodic rental payments, the total number of payments and the total amount of payments necessary to acquire ownership via rental-

nation of what they are for, as well as some kind of "no equity" statement to clarify that the customer is just renting the property until all payments have been made.

Since the promulgation by the Council of State Governments of its suggested Lease-Purchase Agreement Act in 1991, a dozen states have adopted contract disclosure requirements that parallel the model—Kansas, Kentucky, Louisiana, Maine, Mississippi, New Mexico, North Dakota, Nebraska, Nevada, South Dakota, Utah and Washington.

Disclosure requirements beyond the core disclosures in the other states vary materially from the model and from one another.

Of the forty-two state rental-purchase statutes, 20 place a dollar limit on "other charges" that appear in rental-purchase agreements, late charges, delivery fees, in-home collection fees, and the like.

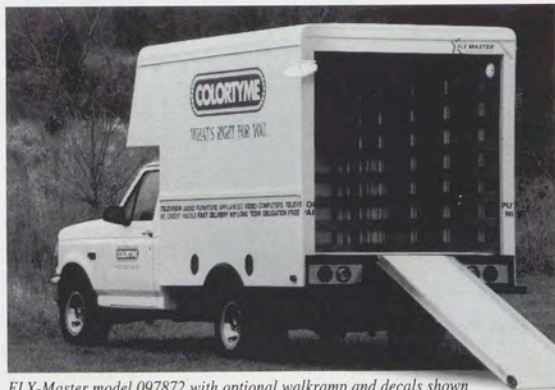
Price tag disclosures are becoming increasingly popular. Of the four new state rental-purchase statutes, three require price tag disclosures—Arizona, California and New Mexico. This brings to 14 the number of states requiring price tag disclosures. Price tags generally require the cash price, the total of payments for ownership, and the amount and timing of payments.

There is considerable uniformity among the advertising provisions of the rental-purchase statutes.

Only Indiana and Utah have no specific requirements concerning rental-purchase advertising. The other 40 have advertising "triggers," language which triggers the

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Continued from page 15

win/win situation.

How much will it cost to provide this future retirement benefit? A little less than \$2,000 a year for a 25-year-old; about \$5,000 a year for a 35-year-old; and approximately \$10,000 a year for a 45-year-old. Obviously, these funding numbers assume current interest rates and mortality expenses continue, taxes are deferred, and funding is consistent until age 65. The younger the employee, the more cost effective the benefit is to the corporation.

This plan may not stop a few determined key managers who have set their minds to go out on their own, but they may stop and rethink their position. This may prevent the situation from developing if the employee believes leaving is not a wise option. This is not a program for all employees; that's what the qualified pension, profit-sharing or 401k plans are designed for.

Programs that are "non-qualified" allow the business owner to pick and choose the most deserving employees without the government forcing you to make the same offer to the rest of your employees. You can have these plans funded, unfunded or somewhere in between. In most instances, the employer receives a tax-deduction only when the actual benefit is paid to the participant and the participant pays an income tax on the benefit at the time it is received.

The participant is a general creditor to the corporation. The plan must demonstrate a substantial risk of forfeiture for the participant to escape the constructive-receipt doctrine and avoid current income taxes on money set aside in a funded plan.

You would probably also want a reasonable "non-compete" clause should the employee leave with proprietary information that he or she could use in the same market. These clauses are not always effective, but such a clause may help establish reasonable intent and help avoid any misunderstanding. Consult a legal professional when drafting the document. If your key employee is honorable, this may prevent future problems.

An "unfunded" plan is a contract only; benefits are paid out of corporate earnings at the time stated in the contract. Corporate assets are not segregated or set aside for this future obligation. The benefits are assumed to be paid from future corporate cash flow. This does not seem to be the preferred method in practice.

A "funded" plan usually develops when the key employee demands more security out of the agreement than an uncertain future promises to pay. The most popular and effective method of funding this type of program is with a flexible premium, cash-value type of life insurance policy. The reason is simple: Life insurance has a tax-deferred internal cash build-up feature and industry accepted methods of withdrawing the cash values for an income tax-free withdrawal.

This strategy maintains the least amount of

death benefit necessary to generate the projected total. Obviously, lower policy expenses mean a more efficient cash-generating product.

In utilizing this funding method, the premiums will typically generate significant cash values in the beginning to replace the spent premium. This results in a true lesser cost to the corporation, since it retains the asset, than in the typical incentive, profit-sharing environment, where once you pay the incentive

Continued on page 40

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August 7th-11th ♦ Booth #423

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Appreciating Depreciation

BY RICHARD MAY

The United States budget has become of great interest to rental-purchase dealers across the nation. The strange thing is most dealers do not realize they are interested in the federal budget and, for that matter, why on earth would the rental-purchase industry care about the federal budget in the first place?

Answer: Because the budget is the engine and the rental-purchase industry is trying to hitch a ride on the caboose.

Remember, the industry's legislative strategy is to resolve its unfair depreciation schedule and to legislatively define the latest Internal Revenue Service lease declaration.

Every year the U.S. government must adopt a budget. With every budget, a congressional budget reconciliation bill must follow to create a legal framework for its

implementation. The reconciliation bill has a virtual 100-percent guarantee of movement through both houses of Congress and on to the President's desk. That's why APRO's legislative gurus, including Rep. Mel Hancock, R-Mo., have targeted the budget reconciliation bill

as the most dependable vehicle to correct rental-purchase's depreciation problems and establish a lease definition in the federal tax code. So the budget flew through the U.S. House, had a few problems in the Senate and now is in the hands of the conference committee. The only

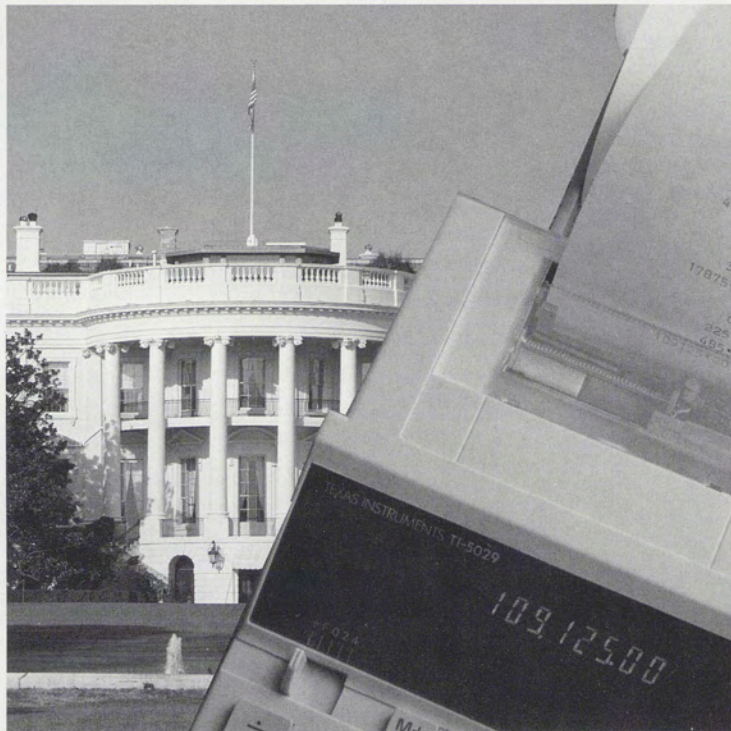
problem is the President.

Because he still does not have line-item veto power, Bill Clinton has threatened to veto the budget reconciliation bill. This would start the process all over and leave the rental-purchase industry, along with 750 other requests, waiting to be considered in an undrafted bill.

Politics is a waiting game not to be played by the impatient.

Unfortunately, the depreciation of rental-purchase property has been in question ever since the December 1994 tax-court ruling

declaring five-year Modified Accelerated Cost Recovery System (MACRs) as the industry's only proper method of depreciating rental merchandise for the industry. Time is not a friend of the industry, and its depreciation problem must be resolved lest more money is lost



Joel B. Mathews

because of an inappropriate ruling.

Because 75 percent of rental-purchase dealers use income-forecasting and straight-line methods to depreciate property, five-year MACRs would be a devastating financial hit to the industry. Rep. Hancock, who championed the industry's sale-vs.-lease issue in the House, has submitted his request to include three-year MACRs as the proper depreciation method for the industry and to codify the recent IRS ruling declaring the rental-purchase transaction as a lease.

Rep. Hancock needs congressional support to ensure the industry's tax problems are included in the budget reconciliation bill. Therefore, Congress needs dealers around the country to phone, write and give their congressional representatives this message: "Write a letter to U.S. House Ways & Means Chairman Bill Archer supporting the Hancock amendments to fix the rental-purchase industry's depreciation problem and to define its transaction as a lease."

Hancock's office has indicated that his amendments are among hundreds already submitted to committee for the reconciliation bill. If the rental-purchase industry truly wants legislative resolve then it's up to industry dealers to rally support from their U.S. Representatives and Senators to show a real need for Hancock's amendments.

Ron Waters, APRO director of government affairs, says: "This session of Congress offers this industry the best opportunity in 15 years to achieve our primary legislative goal—safe harbor at the federal level. We've been waiting for 15 years to really get our hands on the ball. Well, the ball is finally in our court and I am confident APRO members will not drop it now that victory is in sight."

In February of this year, dealers across the country met in Washington, D.C., for APRO Legislative Conference '95. APRO dealers met with federal representatives and their staff members to generate congressional support by signing a joint letter to chairman Archer. The letter, which asked Archer and the House Ways & Means Committee to include a lease definition and establish three-year MACRs, generated 22 signatures and dozens of independent letters. The letters supported tax-revision language addressing the industry's problems to be included in Republicans' ambitious 100-day legislative agenda, the Contract with America.

Although the lease definition was not included, the IRS conceded to the facts and congressional pressure to issue a revenue proce-

ducing the rental-purchase transaction as a lease. Now, dealers are being asked to participate in a similar process by contacting their U.S. Representatives and asking them to write letters to chairman Archer and the House leadership on the industry's behalf. These letters will ask Archer, House Majority Leader Dick Armey and House Speaker Newt Gingrich to include three-year MACRs language and a lease definition in the budget reconciliation bill.

"In D.C., it was easy. We were there. APRO spoon-fed us the information, the letter and the strategy," says Larry Sutton, APRO board member and owner of Florida-based B&L Concepts, a Champion affiliate. "Now dealers must raise their political savvy and influence

cially mandated as the industry's depreciation schedule, most dealers have not made the switch in hopes of legislative relief through grassroots education."

Another APRO board member, Ernie Lewallen of Cincinnati-based United Household Rentals, has studied the ramifications. "Five-year MACRs would not be so detrimental except it carries a nine-year alternate minimum tax," Lewallen says. "I have estimated, and industry figures can back me up, that five-year MACRs will cost my business around \$15,000 per store."

Five-year MACRs carries with it a nine-year alternate minimum tax or AMT. Three-year MACRs carries a four-year AMT, which is

Rep. Hancock needs congressional support to ensure the industry's tax problems are included in the budget reconciliation bill. Therefore, Congress needs dealers around the country to phone, write and give their congressional representatives this message:

"Write a letter to U.S. House Ways & Means Chairman Bill Archer supporting the Hancock amendments to fix the rental-purchase industry's depreciation problem and to define its transaction as a lease."

their representatives on their own. I'm confident dealers will meet the challenge. We've been writing letters and making phone calls for three years. This latest grassroots push is a natural extension of the last three years."

One key to passage of the budget reconciliation bill—and the rental-purchase language—is the fiscal impact of the proposed legislation. That duty falls in the bureaucratic hands of the Joint Tax Committee, which issues revenue estimates on legislation that affects any potential loss or gain to the U.S. government. Sen. Kent Conrad, D-N.D., and others have made formal requests for the revenue ruling but, to date, nothing has been issued.

Waters says the IRS will not lose revenue if the industry gets what it's seeking, since most dealers currently use something other than MACRs to depreciate their merchandise.

"It is very important to show Congress that three-year MACRs will not represent a revenue loss to the government," says Waters. "Although five-year MACRs has been judi-

designed to establish a minimum tax payment and to ensure a certain level of tax is rendered.

"Our current depreciation problem is a matter of money and reality," says APRO President Kevin Quinn. "Since our products have a typical lifespan of 22 months, five-year MACRs is both costly and incorrect. We are not opposed to paying our fair share of taxes as long as they are fair. Grassroots education was and is the key to the industry's legislative success. Dealers are requested to first contact their U.S. Representatives to generate House support for the Hancock position. Then as the bill moves to the Senate, to generate support there."

In the end, though, if these amendments are included and passed through both houses of Congress, President Clinton has the choice of a signature or a veto. In the interim, dealers must watch, wait and, most of all, "grassroot" their federal elected representatives.

Richard May is APRO's assistant director of government affairs.



Do you know who your typical rental-purchase customer is? Do you even have a typical customer? Do grocery stores or car dealerships or dry cleaners have typical customers?

Interesting questions, these, and they have provoked considerable debate.

Industry opponents have long and glibly argued that the typical rental-purchase customer is a welfare mother getting \$500 per month in government assistance with \$600 per month worth of rental payments to make to the unscrupulous rental dealer who loaded her up with far more merchandise than she could afford to doom her to early failure.

Not a pretty picture. And not an accurate one, either.

Rental dealers have known instinctively that the picture of the typical rental customer drawn by some consumer advocates was not accurate, but most have been too busy running businesses to stop to disprove these kinds of allegations. Running the business won't disprove them, because dealers are not running credit checks or otherwise digging very deeply into the economic or demographic lives of their customers. Since they are only renting a TV to a customer for a week at a time, they do not need to.

But the allegations do need refutation, and lately individual companies and the industry itself through the trade association have begun to research the issue scientifically. If there is a typical rental customer, we all want to know more about him or her. The association wants to know in order to strengthen its political cause. Individual rental dealers want to know so that they can market their goods and services more effectively and rent more TVs.

There are companies out there that specialize in conducting customer surveys. They do them on the phone or they do them in person, and from questioning several hundred people, they are able to draw conclusions about a larger universe of people than were actually questioned because of the mathematical laws of probability and random sampling.

It is the same sampling that occurs during elections, which allows TV networks and oth-

ers to predict election outcomes quite accurately when only a few percent of the votes have been counted.

I cannot explain why these laws of probability work. I am not a statistician and do not want to be one. Generally, the more people questioned, the smaller the margin of error. But by the time several hundred randomly selected individuals have been questioned about a topic, be it the rental experience or how they voted, the margin of error is only a few percentage points, 4 percent to 6 percent when extrapolating to the population as a whole.

On my desk I have three consumer surveys of rental customers—the APRO report done in August 1994 by America's Research Group; the Rudman Report, whose consumer survey was done by Huffman Research Associates; and a study conducted by Edge Research Group, Inc.

The surveys were commissioned for different reasons, but they all surveyed actual customers of rental-purchase stores. In the APRO survey, 809 customers were interviewed for a sampling error of plus or minus 5.8 percent, 95 percent of the time. In the Rudman Report, 647 customers were interviewed for a sampling error of plus or minus 4 percent, 95 percent of the time. The third survey was of 500 customers for a sampling error of 2.2 percent, 90 percent of the time.

All customers in all of the surveys said that they had taken part in at least one rental-purchase experience with a rental-purchase store.

The overall thrust of these surveys was to measure customer attitudes toward different aspects of the rental-purchase business. These conclusions are interesting, and I refer readers to the APRO report for details of those results.

What struck me initially were the significant differences in the demographics of those customers surveyed. It was instantly obvious to

me that there is no more a typical rental-purchase customer than there is a typical American, or a typical Texan or typical grocery store customer.

For example, customers in all three surveys were asked whether they were receiving some form of government assistance—food stamps, public housing assistance, AFDC, WIC, disability benefits or unemployment payments. The two rental company surveys reported just more than 50 percent received some form of benefits. In the APRO survey, the figure was 15 percent. In no case was it most customers, as alleged by industry opponents. But, among the surveys, the differences are considerable.

Household income questions were asked using different financial break points, but the results show remarkable divergence. In the APRO survey, 12 percent of customers reported incomes of less than \$12,000 per year and 58 percent with incomes of less than \$36,000 per year. In the Rudman Report, 17 percent reported incomes of less than \$10,000 and 62 percent reported incomes of less than \$30,000. The other survey reported that 75 percent of customers had incomes less than \$16,000. Average U.S. household income, according to the 1989 census, was \$27,000.

According to the same census, the percentage of homeowners vs. renters in the U.S. is 64 percent owners to 36 percent renters. In the APRO survey, the percentage was 61 percent owners and 39 percent renters. In the Rudman Report, it was 31 percent owners and 69 percent renters; the other company survey reported 100 percent renters.

In the APRO survey, 75 percent of respondents were White, 22 percent were Black and 2.5 percent were Hispanic. In the Rudman Report, 51 percent were White, 39 percent were Black and 11 percent were Hispanic. The third survey did not ask the race question.

Education levels of respondents also varied

considerably, survey to survey. In the APRO survey, 6 percent had less than a high school education, 45 percent had graduated from high school and 46 percent had at least some college. The Rudman Report showed 23 percent with less than a high school education, 44 percent graduated from high school and 30 percent with some college. The other survey had 59 percent of respondents with less than a high school education and 34 percent with at least some college.

As evidenced by these statistics, one cannot read these three surveys and find an average or typical rental customer. These were nationwide surveys, and if there is a typical rental-purchase customer, he or she probably varies company to company and store by store.

We all know that rental companies have different philosophies about how to run the business in such matters as product selection, weekly/monthly mix, acceptable collection statistics and the like. How companies market the rental-purchase concept drives different types of customers through the doors.

I thought these surveys would develop the profile of a typical rental-purchase customer. I was wrong. It is a diverse and kaleidoscopic rental-purchase world out there. Almost anything one says about rental-purchase customers can be true in a particular circumstance. It is far more difficult to generalize about the kind of person who frequents a rental-purchase store.

In a broad sense, that is good because it tends to disprove that the industry rents only to impoverished minorities. But this information also complicates the jobs of rental companies considerably. The wide, wide world of rental-purchase is a complex one with myriad people making up the customer base. The task of identifying what must be the several types of rental-purchase customers is far from over.

Moreover, as the times change, criticism of the business waxes and wanes, consumer credit shrinks and expands, new products come on line, stores change shape and size, the customer base will certainly change.

To reach all potential rental-purchase customers, advertising campaigns may have to be broader-based and therefore more expensive than many had previously thought.

Aiming at the neighborhood is probably still a good idea. Aiming at just the poorest people in town is going to miss a lot of potential rental customers.

Ed Winn is APRO's legal counsel and veteran writer on industry issues.

APRO PUBLICATIONS

	APRO Member/Non-Member
Legal Reference Index—1994	\$150/\$300
Grassroots Media Guide (first copy free)	\$25/\$25
Publicity Handbook (first copy free)	\$25/\$25
APRO Financial Statement	\$50/\$100
Presentation Guide	
APRO Tax Audit Manual	\$75/\$150
APRO Industry Profile	\$50/\$100
APRO Business Plan Development Guide	\$50/\$100
APRO Glossary of Terms	\$5/\$10
APRO Bankruptcy Manual	\$25/\$75
How To Locate Missing Persons — A Skip-Trace Manual	\$10/\$30
Collections Manual	\$20/\$75
— Preventative Maintenance & Efficient Results	
RAE Advertising Awards Book	\$10/\$10
APRO's Who's Who in Rental-Purchase (Available to members only)	\$25/na
APRO 1994 Industry Survey (Complimentary to participants)	\$300/\$300
APRO Rental-Purchase Customer Survey (Available to members only)	\$100/na
Progressive Rentals Magazine (Included with APRO membership)	incl./\$30 yr.

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Lease Negotiations

Joel B. Mathews

Never were the differences between big and small stores more clearly illustrated than in a recent *Los Angeles Times* story about negotiations between Bloomingdales and the city of Beverly Hills. It seems that Federated Department stores, owner of Bloomingdales, has purchased some land in Beverly Hills, but not enough for a store. And it seems the city of Beverly Hills owns some land that Federated would like to use.

Beverly Hills wants to be landlord and Michael Gould, Bloomingdales' CEO, has his eyes on a new store. As reported, Federated will lease some of its land to the city and the city will lease to Federated. When the dust settles, Bloomingdales hopes to build a 240,000 square foot west-coast flagship and the city hopes to build 75,000 square feet of adjacent retail space.

Over and above the land Federated previously acquired, the net cost of this exchange is a whopping \$1,000 plus 1/4-percent of sales in



BY BILL PEARSON

Real estate taxes and insurance will add to the amount above, but those costs too have no doubt been favorably negotiated.

If Bloomingdales prefers a more conventional lease arrangement, it will probably pay the developer/builder annual rent in the neighborhood of \$6 million. Whichever way the deal is done, the numbers are impressive. Bloomingdales gets a new store in the heart of Beverly Hills for less than 5 percent of sales—possibly much less.

excess of \$150 million. Not too bad for a prime location in the heart of Beverly Hills, just down the street from Barneys New York, Saks Fifth Avenue and Neiman Marcus.

With the land handled, the folks at Bloomingdales will need a building. They can either build it themselves or lure a developer to do so with some form of lease-back arrangement. Either way, a shiny new store can be built for around \$175 a square foot, or about \$42 million. Amortized over 30 years at current interest rates, that works out to about \$4.5 million a year.

Numerous national surveys of small store independents have found a surprising consensus as to the amount of rent they pay. As a percentage of sales, the range is most always between 9 percent and 13 percent.

As a rule, small stores pay more than larger stores, mall stores pay more than street-front stores and high-traffic stores pay more than destination stores. Obviously there are exceptions.

10 YEARS IS ALMOST FOREVER

Rent is negotiated for big chunks of time; usually for 10 years, and sometimes for five years. More than any other cost of doing business, rent is a fixed expense. Over time rent can increase; hardly ever does it decrease. Other than payroll, rent is the single biggest operating expense.

Taken lightly, lease negotiations can doom an otherwise profitable strategy. Working for the landlord gets old real fast. Big stores understand the value of favorable rents. With all their other inefficiencies, big stores couldn't survive without favorable rents. Big store real estate departments are very necessary and extremely influential. If the deal isn't right, the store never happens.

LAST IN THE FOOD CHAIN

Developers and landlords need businesses of all sizes, but mostly they need big stores. Without big stores there is no money. Banks fund retail developments on the backs of big store leases. No leases, no money. Big stores play this game real well.

The developers, and often the community, are willing to make huge concessions to attract big stores. The developers need the credibility and traffic draw of the big stores, and the community needs the added tax dollars and jobs. This all sounds fine until the developer/landlord begins to rent out the remainder of the project. As smaller businesses are added to the tenant mix, the concessions diminish and the flexibility vanishes. In the food chain of business development, the small store is last in line and gets the leftovers.

Many small independents do a pretty good job with their lease negotiations. Whether through painful trial and error or with the help of professionals, these business owners have come to understand the importance of a carefully negotiated lease.

It should go without saying that the landlord's initial lease is totally self-serving. These 40- and 60-page documents are compilations of

the best legal language of the 20th century. Twenty-four hours after a bright young attorney in New England comes up with a new or better way to protect a landlord client, the language finds its way into every one of thousands of leases soon to be sent out.

Lease negotiations are for specialists. As small store independents, rental dealers and retailers should stick to buying product and managing stores. Few business owners would dream of allowing the landlord to design their store or hire their staff, and business owners are equally unqualified to write the lease. But it doesn't hurt to know a little about the state of the art. Here are some examples of current leasing hot buttons:

TURN-KEY DEALS

In a turn-key deal, a landlord pays for and builds the store to a business owner's speci-

the landlord to write a check simply because he or she likes your store. TI allowance differs from turn key in that the business owner is fronting the build-out money. Most often, the landlord issues the TI allowance after the work is completed and the store has opened.

RENT ABATEMENT

Don't confuse rent abatement with a couple of free months to build out the store. The waiving of rent during construction is pretty commonplace and hardly cause for a negotiating Oscar. Rent abatement in place of TI money is also a possibility.

Often a landlord is unwilling to pay for inventory and fixtures, but more inclined to forego several months of rent to help offset your initial cash outlays. Three months of waived \$8,000-per-month rent can make a big dent in a store's opening expenses.

In a turn-key deal, a landlord pays for and builds the store to a business owner's specifications. The only investment required is for inventory, fixtures and the requisite technology, such as computers, security and communications.

Stores designed under turn-key provisions are usually loaded up with built-in fixtures, therefore shifting even more financial responsibility to the landlord.

fications. The only investment required is for inventory, fixtures and the requisite technology, such as computers, security and communications. Stores designed under turn-key provisions are usually loaded up with built-in fixtures, therefore shifting even more financial responsibility to the landlord. If the landlord is extremely anxious to have the business as a tenant, a loan for the inventory and any remaining expenses can also be negotiated.

If successfully accomplished, the business owner acquires a new store or additional space with literally no out-of-pocket expenses. Considering the obvious lack of a free lunch, turn-key deals result in much higher monthly rents in addition to other landlord protections. Even so, the advantages are considerable.

TENANT IMPROVEMENT ALLOWANCE

TI money, as it is called, is pretty commonplace and definitely open for negotiation. TI money is usually available, but don't expect

COMMON AREA MAINTENANCE

CAM charges, as they are called, are the bane of most small store owners. I recently saw a 45-page, single-spaced, legal-sized document detailing 12 months of CAM charges for an 800-square-foot store. In a different century these charges might have been limited to "maintenance," but now they cover everything imaginable—and some not. CAM charges are often intentionally complex and confusing. These charges are often prorated and adjusted later, making them even more complicated.

Maybe I'm missing something, but I always thought the rent payment should cover the landlord's operating expenses. I guess not.

Whoever came up with the bright idea to pass through these expenses is no doubt in the Landlord's Hall of Fame. CAM charges are not usually negotiable, but can be capped, audited, adjusted and eliminated. CAM charges

Continued on next page

Continued from previous page

look inconsequential when presented "by the square foot," but amount to hundreds of thousands of dollars over a lease term.

RENT REDUCTION

What happens to your rent if the store(s) next door closes and that space remains vacant? What happens to your rent if the local or regional economy heads south? What happens to your rent if the street out front resembles a dust storm during six months of road construction? Few people think about these

nightmares when they are planning a store. This stuff happens, and the small business owner had better be protected in the lease.

Amounts of rent reduction are usually determined by mathematical formula: X-percent reduction for this much vacancy for this many months; Y-percent reduction for a city construction project lasting more than one month; Z-percent reduction for each point of economic downturn as measured by gross tax receipts; or whatever. Some landlords are sensitive to these unforeseen circumstances, but many are not.

Who likes to beg? Be sure to get all the details in your lease.

SEASONAL RENT ADJUSTMENT

Say you're in the ski shop business, or maybe the swimwear business. Better yet, say you're in the Christmas decoration business. With any of these businesses, there's a strange pattern in cash flow. What about the rent?

Consider this: Landlords know how much they want annually for the space you're considering. How the rent is paid is less of an issue. Who says rent must be paid in equal installments? Negotiating the rent payments to coincide with the heavy business seasons makes good financial sense.

ESCAPE CLAUSES

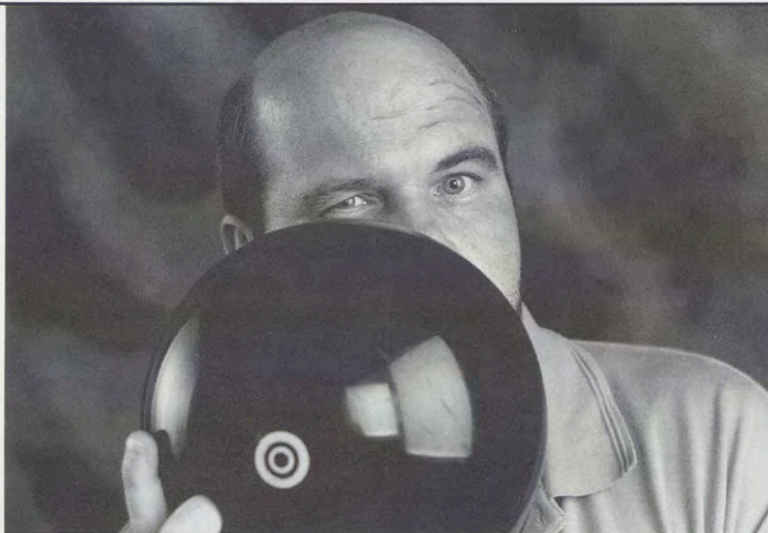
It's one thing to suffer with a bad store for a year or two, but beyond that is a living hell. Nothing will kill the business spirit faster than a bad store with no options. That's why I'm a big fan of escape clauses.

Escape clauses are difficult and time-consuming to negotiate, but they offer considerable peace of mind. If the store fails to meet predetermined performance criteria by certain time intervals, the business owner has the right to vacate the premises early. Obviously, the landlord will expect verification of the supporting data and reasonable notice. There may even be a requirement of some cash settlement. But the option is there to bail out.

Many business owners see landlords as enemies, and probably vice versa. Personally I have seen far too many instances of what seemed like unfair treatment to start any landlord fan club. On the other hand, maybe it's unreasonable to expect the landlord to change the lease terms once the deal is signed. Fair enough. But we need each other.

As businesses of all types and sizes continue to consolidate, the landlord is faced with fewer and fewer prospects. That means businesses have better choices. For the small-store independent, this is a good time to move up in the food chain.

Bill Pearson is a strategist, analyst and lecturer. He specializes in solving the unique problems confronting today's small store independents. He can be reached at (818)584-9734. Or, write to Retail Analysis & Planning, 1625 Knollwood Dr., Pasadena, Calif., 91103.



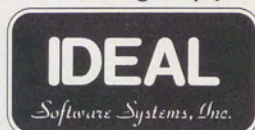
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Ain't It Grand?



By BARBARA STOOKSBERRY

COVER Story

Set your sights on Las Vegas, host city of the 1995 APRO convention, Aug. 7-11, and the one place where you can seek your fortune and actually expect to find it. It is the fastest growing metropolitan area in the country, and you are part of the reason, because conventions and tourism are making this city happen.

With a revamped convention center and state-of-the-art airport, Las Vegas is a city totally committed to serving its visitors, and it welcomed 27 million of them in 1994.

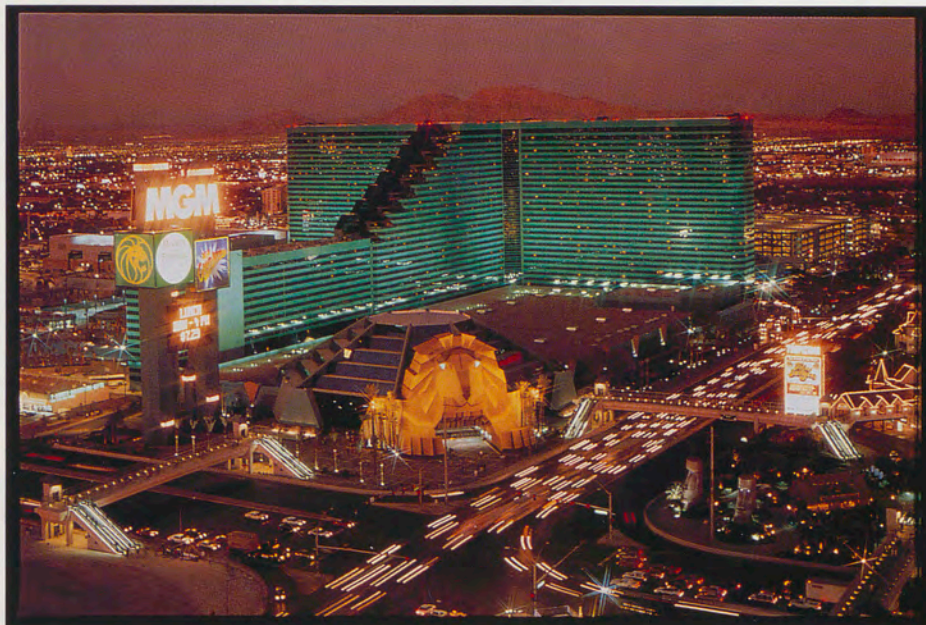
OFF TO A SLOW START

It hasn't always been that way. Spanish traders "discovered" Vegas in 1829, but they didn't stay. Neither did explorer John C. Fremont, who paused on his way to California in 1844 but didn't see anything worth sticking around for, and moved on. Next, the Mormons tried farming here for a couple years in mid-century, and even built a fort, but they, too, found easier pickings elsewhere.

After a couple of other false starts, the railroad came to town, and speculators hot to serve travelers passing through on their way from Salt Lake City to Los Angeles quickly bought up parcels of land, and the city finally took hold as a refueling and resupply station in 1905.



Photos courtesy of MGM Grand



The building of Hoover Dam 25 years later put 5,000 men to work for more than five years, and in 1931, the Nevada Legislature re-established gambling in the state. Ten years later, El Rancho, the first of the gambling resorts, went up, followed in 1946 by Bugsy Siegel's Flamingo and in 1948 by the Thunderbird. Las Vegas was there to stay.

Throughout the 1950s and '60s, growth was phenomenal, as the city built a reputation for the kind of entertainment that could be seen nowhere else: Frank Sinatra, Sammy Davis Jr., Liberace, Ann-Margret, and stand-up comedians Jackie Mason

and Joey Bishop. Show girls by the scores kicked their way through lavish production numbers in fantasyland costumes that showed a little more than they were supposed to, and appealed to a naughty streak that propriety said wasn't there.

THE TIMES, THEY ARE A CHANGIN'

But that was yesterday. As the Las Vegas of the '90s totally reinvents itself, the city has decided to place its bet solidly on wholesome, family entertainment, and

the stakes are high.

With gambling legal in a number of venues nationwide, from riverboats to Indian reservations, and high-tech entertainment options proliferating in ways that

Continued on
page 43

“RCA...A Long to the Rent



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*Base sold separately.
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Picturing Profitable Products

When it comes to audio/video equipment in the rental-purchase industry, drastic change is not a catalyst for rentals. That's not to say, audio/video rentals don't remain high. It seems electronics have become a staple in the American consumer diet.

According to a recent APRO survey, rental-purchase stores annually rent more than \$1.4 billion in consumer electronics products to their customers. These items represent about a third of the industry's annual \$4.5 billion in revenues.

They break out like this:

- TVs—915,498 units or 15.7 percent of all rentals.
- VCRs—548,133 units or 9.4 percent.
- Stereos—472,327 units or 8.1 percent.
- Home entertainment centers—157,422 units or 2.7 percent.
- Pagers—151,611 units or 2.6 percent.

Thus, it's the good ole TV that remains in high favor, and this icon of electronics is even going through a modicum of change within the rental-purchase industry. Bigger is better has become a tenet for consumer demand.

Matthew Hauck is national special markets manager for Hitachi

Home Electronics (America) Inc., a company whose TV sales to the rental-purchase industry make up more than 50 percent of its total sales. He says the 27-inch TV has become the commodity screen size. "For the first year ever, we are seeing the 20-inch sales declining," he adds.

Jason Smith, a Remco store manager in Chicago, says he's seeing a similar pattern. "We're running a promo on 27-inch TVs, so they are starting to pick up." Smith says the 25- and 27-inch TVs are replacing the 20-inch models as consumers' main TV, and the 20-inch is replacing the 13-inch as a satellite unit.

Carrying the philosophy of bigger is better one step further, Hauck sees projection models as the TV du jour.

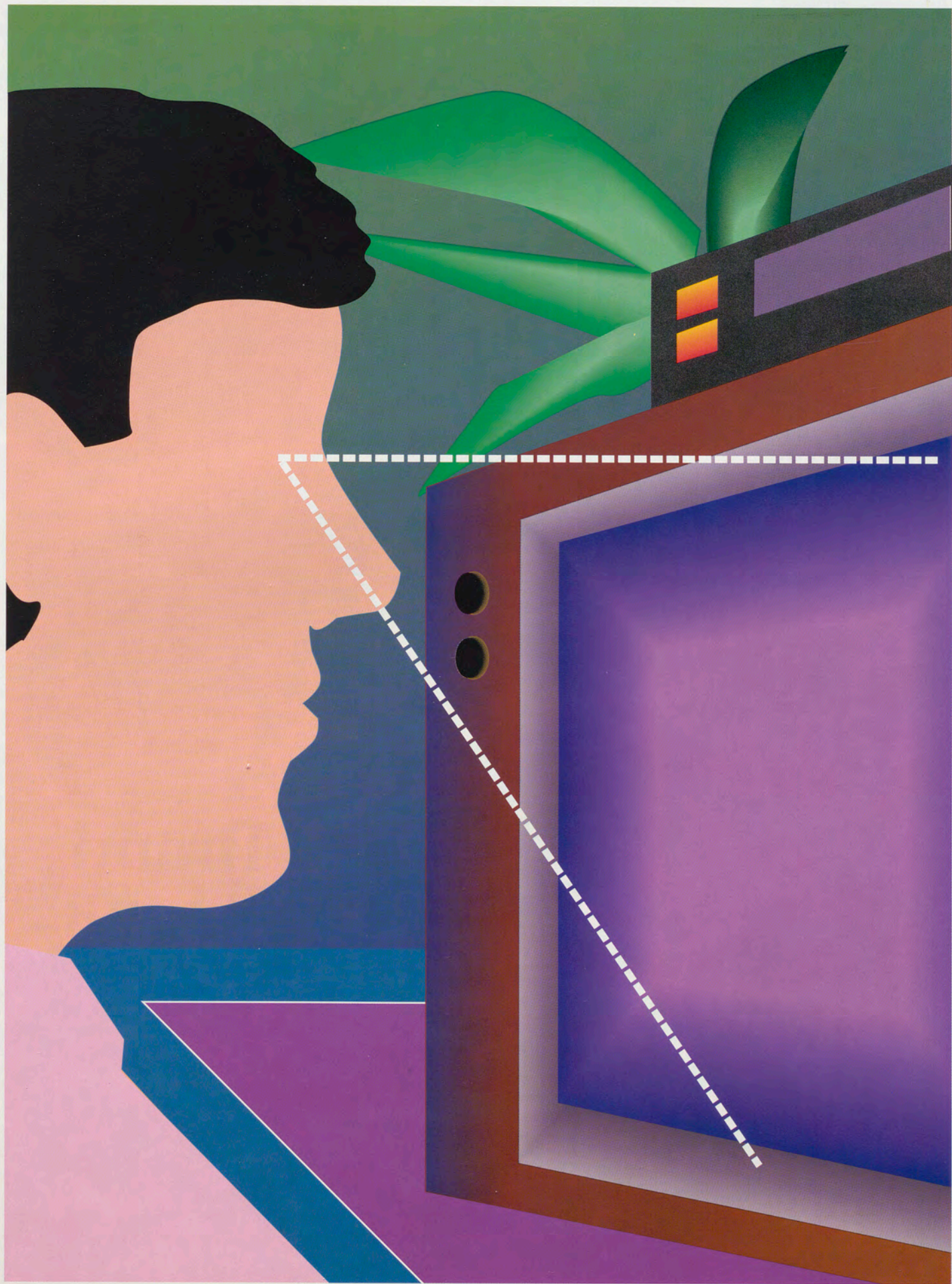
"Projection TVs are very popular," agrees Joe Nolting, store manager, Carefree Rental Inc., Pueblo, Colo. "We carry a 52-inch Magnavox with the screen-on-screen feature. It also has a screen guard, which I love.

The picture comes in better, and before we had screen guards, we were getting scratches on all of our returns. Now, we haven't had any scratches on any of them. The guard is much more resistant to scratches."

"Now that protective shields are available and are mounted by the

Continued on page 37

BY SUSAN DE BLANC





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Continued from page 34

manufacturer," says Norm Smith, manager of rental markets for Zenith Electronics Corporation in Glenview, Ill., "this eliminates the risk of damage to the screen and consequential replacement of the expensive main screen itself. Replacement shields are a quarter of the cost of replacing the main screen. This has encouraged more rental companies to handle projection TVs."

"Consumers are wanting bigger screen-size TVs and rental-purchase customers are no exception," believes Hauck. "The reliability of projection TVs has improved to the extent that maintenance is no longer a major concern."

However, price still seems to be the dam holding back the flood waters when it comes to moving up in TV size.

"We've gone from 20-inch to 27-inch TVs because people want a bigger picture," says Nolting. "But when we go from 27-inch to 30-inch there's a big price difference."

David Clause, supervisor of public relations with Fisher Audio/Video in Chatsworth, Calif., says durability is an important consideration, but it still doesn't override pricing. "It comes down to how competitively we can sell to the

rental-purchase dealer while maintaining a high level of quality," he says.

"I've got more 19-inch TVs than any other size," says Kelly Lange, owner of E-Z Rent A Center in LaGrange, Ga. "We rent the fancy ones too, but more people want something affordable."

When talking bigger is better, Lange says she's seeing a higher turnover in big stereos. "A stereo with a 24-disc CD player—that's a really hot item right now. I can't keep them in my stores."

Promotional efforts may also affect what's hot and what's not.

"As you start promoting you see a lot more people moving up to the bigger sizes," says Ricky Rosenberg, president of The Rental Warehouse Inc., New Orleans. "Promotion is very important depending on the area, and we are in a very competitive area."

Rosenberg uses direct mail, TV and in-store promotions. "Posters on the inside of my windows have been particularly effective," he says.

"We're promoting a 100-watt-per-channel stereo with a dual cassette deck, five-disc changer and a surround-sound speaker system, and it is now our hottest item," says Remco's Smith.

Smith says this rack system is much more popular than his shelf systems because the perception of the public is that the rack system is bigger and therefore better.

Fisher's Clause agrees with that assessment. His company sells shelf systems, but the call for rack systems is much louder.

"The bigger the better," Clause echoes. "More power is better, too. With rack systems, you're talking from 80 up to 120 to 150 watts per channel. Our rack systems include Dolby Pro Logic Speakers and high-capacity CD changers. The two components we're selling are called Studio 24 and Studio 60. Those numbers give some indication of just how many CDs you can fit into those puppies."

The rack systems at JVC Corporation are also receiving a surge of popularity, even more so when they are part of a home theater. "What we've done is combined a step-up rack system with a television, a VCR and a rack," says Bruce Brown, JVC regional sales manager in Lawrenceville, Ga. "The system utilizes one of our regular line receivers, a five-disc CD player, cassette deck, 12-inch, three-way speakers, a 27-inch TV and a VHS hi-fi VCR."

"For us, the best selling pieces are the complete

Continued on next page

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The distinctions between audio and video product lines have blurred. That's why we categorize both as audio/video or electronics suppliers. Those listed here are either APRO Associate Members (*), advertisers(+) in APRO publications or APRO convention and trade show exhibitors (¥).

Continued from previous page

systems that have built-in speakers for surround sound," says Al Hernandez, director of sales, HTP International (Paramount) in Anaheim, Calif. "We have a 900-megahertz technology for the surround speakers, which means the customer doesn't have to run wires through his or her house anymore. The 900 megahertz is like a cordless phone. There is a transmitter and receiving speakers. The transmitter is hooked up to the source—the

stereo receiver—then you can put your receiving speakers anywhere in the room. They require no wires for power or signal."

Wiring is a key consideration when it comes to most electronics equipment. Systems that are easy to wire are generally more favored. That's one reason why TV/VCR combos are experiencing consistent popularity.

"We are selling more TV/VCR combos," says Tim Shannon, coordinated sales manager for national accounts for Thomson Consumer Electronics (RCA/GE). "Most popular are 19-

inch GE and 20-inch RCA units. They don't take up a lot of space. There are not a lot of wires. It's a nice little tidy package."

According to Shannon, most of Thomson's sales to the rental-purchase industry are in TVs and VCRs. However, while these items remain a mainstay, some rental-purchase companies have set their sights on new horizons.

"We just started getting back into the computer game," says Remco's Smith. "We had started to get into it a couple of years ago, but we found we couldn't provide a lot of technical support to our customers. This turned out to be a big problem. Now we have set up a help line through Packard Bell, which is our vendor. We started a couple of weeks ago, and we've rented two computers so far."

According to Ken Gay, general manager of Philips Consumer Electronics in Knoxville, Tenn., an interactive TV/computer combination is just over the hill. "New technologies will create a brand new resurgence in consumer electronics interest," he says.

Those new technologies could include things like digital TV, digital video discs and direct-TV satellite systems.

"Our direct-TV satellite dishes have been extremely popular in the retail community," says Shannon. "We are just launching them into the rental-purchase industry, and there is a high level of interest. The system features a dedicated satellite dish that is 18 inches in diameter and uses two program sources, DirecTV and USSB. It receives a high-powered transmission from a satellite. The system is a joint venture between Thomson and GM Hughes Electronics, which provided the satellite. It delivers a digitally processed picture, up to 170 channels and CD-quality audio."

According to Hauck, Hitachi will also be introducing direct-TV satellite systems to the rental-purchase industry. "We expect to be into this during the first half of 1996," he says, adding that all the digital delivery systems are on the drawing board for his company, including digital video discs and digital VHS, which allows digital quality signals to be recorded from a satellite or digital video discs.

"Digital video discs, which have a CD format, will eventually replace the VCR," says Shannon. "But they are about two years away from introduction."

With a little luck, a lot of marketing and leadership from the retail community, these new

Continued on page 41

INFINITE POSSIBILITIES...



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APRO Survey Reveals Need For Value Added Services

A recent national survey, conducted for APRO by America's Research Group, Ltd., determined that value added services such as guaranteed satisfaction, free delivery, and free pick-up were key factors in retaining customers and having them recommend renting from that store to their friends.

Price was the only objection to the Rental Purchase transaction; however, the objection was not significant.

The survey concludes that the rental purchase industry needs to examine how they can raise their service levels, which will ultimately make price a non-objection because people do not mind paying a little extra if they receive great service.

What this means to the rental dealer is that they should concentrate efforts on building stronger customer relationships by providing them with value added services that make the customer feel appreciated.

Many dealers are currently accomplishing this by making the Club program available to them

Preferred Customer Club programs such as the one provided through *FORESIGHT*, Inc. give customers a variety of insurance and discount benefits that increase customer satisfaction.

Customers can receive insurance coverage such as involuntary unemployment protection that helps them make their rental payment in the event they are laid off or fired from their job. This satisfies the customer by enabling him to continue renting merchandise he may normally have to return.

Club programs also help customers save money through grocery coupons; discounted automotive service; savings on emergency roadside assistance; plus discount coupons for businesses such as *Putt-Putt Golf*, *Dunkin' Donuts*, *Subway*, *Godfather's Pizza* and *MotoPhoto* to name a few.

These Club benefits add value to the rental transaction which keeps the customer satisfied. They do this by providing opportunities normally not available to the customer and by helping them save money.

While customer satisfaction is of key importance, another big benefit of the Club is that it creates additional fee income for the rental dealer, making it a win/win proposition for all involved.

Currently over 2,500 Rental Purchase dealers realize the benefits of value added services through the *FORESIGHT* Preferred Customer Club. To find out more about this program call 1-800-733-0811.

Paid Advertisement



Continued from page 21

bonus, the employee owns it and the next weekend she makes a down payment on a new jet ski.

Life insurance is creditor protected in some states, so ask your local agent or state insurance commissioner. Also in this type of plan, the participant must provide evidence of insurability in an application; in some cases the participant must submit to an examination. The drawback to this is probably in older managers who may face insurability problems.

When the plan is insured in this manner, and the participant meets a tragic end, then the process completes itself with the policy paying a death benefit to the decedent's heirs as well as to the corporation for the loss of key personnel.

Here are a few of the more common industry approaches to these employee-incentive plans:

NON-QUALIFIED SALARY CONTINUATION

The agreement defines a known salary level desired for the participant at retirement; for example, \$40,000 year for 15 years.

NON-QUALIFIED DEFINED CONTRIBUTION/PROFIT-SHARING

A percentage is contributed to the plan every year and it grows to an unknown goal at retirement. This could be based on salary, sales, BOR, or anything else, and the contribution

could be tied to performance.

NON-QUALIFIED 401K

An employee could defer income without personal income tax in the corporation, and the corporation could offer a match. This is especially advantageous to the highly compensated employee who may have a limited amount to defer through a traditional qualified 401k plan, if he can participate at all. This is also an excellent alternative for non-profit/non-charity organizations that are restricted from having 401k plans by the Internal Revenue Service.

NON-QUALIFIED PHANTOM STOCK

This plan is difficult and complex to construct, but is of the most benefit when an employer wants to give a key employee a perceived ownership interest, without actually giving up stock. An account is established to mimic the growth of a hypothetical percentage of ownership in the corporation. As the employee contributes to the corporate success, in theory the equity account would appreciate with the success of the corporation.

In addition, business owners could also design plans with these enhancements:

- COST OF LIVING ADJUSTMENTS
- CORPORATE COST RECOVERY
- DISABILITY
- DEATH BENEFIT ONLY

As you can see, the alternatives and enhancements are as many as you can create within

reason and expense. Employers should also note that even if an insurance agent, financial planner or stockbroker furnishes a specimen document, an attorney knowledgeable in such matters should be consulted for advice and to construct and execute the agreement.

If you want your key people to be around when you need them the most and not become the competition, don't take them for granted. Implement some form of "golden handcuff" employment agreement that truly is golden.

Don't wait until your best employees start to look around, but show them how important they are today and make them feel great about working for your corporation. Let them know your company is concerned about their future.

For those employees who you truly care for and want to keep, such a plan could be the best benefit they ever dreamed of. And this means you could have a management team that will bring real value to the bottom line.

J.R. Gandy has worked with RTO dealers since 1984, with special expertise in qualified and non-qualified benefit programs, estate and business-succession strategies that are tax- and cash-flow advantageous to the majority shareholders and their families. He can be reached at 1-800-959-3611.

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Attention Marketing and Advertising Professionals

We are the advertising agency for Renters Choice, one of the fastest growing, publicly traded, rent-to-own companies. As Renters Choice increases it's number of stores, we are expanding our staff.

If you are an experienced advertising media buyer, account service coordinator, graphic artist or are experienced in other marketing and advertising support areas – and you have worked in the rent-to-own field – we would like to hear from you. Please contact us at once.

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8131 LBJ Freeway Suite 370
Dallas, TX 75251
Phone 214-234-6223
Fax 214-234-6213

Continued from page 38

technologies—many hope—won't go the route of compact disc interactives. Although dealers polled in this article say they have occasional demand for these units, their entrance into the rental-purchase community has been less than celestial.

"We carried them for a while, but we didn't get much of a response," says Remco's Smith. "Our customers were looking at it for video games, rather than as a learning tool. The availability of discs themselves was, I think, another problem."

"People just don't understand what it is," adds Rosenberg. "Until the customer hears a little more about it, I don't think it will catch on."


A point that resurfaces from audio/video vendors and progressive dealers again and again: Rental-purchase stores must lead cus-

tomers—educating them—toward features, upgrades and new products.

"The rental market is not real quick to catch on to new technologies," Clause says. "Tried-and-true products are usually most popular. Some of the two main considerations include durability and mainstream impressions about what represents quality."

"There are a lot of challenges in renting electronics," concurs Rosenberg. "We spend a lot of time and money in servicing accounts. But there is no question that it is one of the most popular categories in the rental-purchase industry. You just have to include it in the cost of doing business."

Susan de Blanc is a freelance writer whose work—ranging from product surveys like this one to covering natural disasters and how they affect rental-purchase customers—has appeared in Progressive Rentals since 1992.



Get The Facts

24 Hours a Day 7 Days a Week

Now you can receive important information about the rental-purchase industry any time you need. All you need is a touchtone phone and a Fax machine to receive the document. Just call the APRO Facts Line, and you will be greeted by a voice that will guide you through the system. Or you may order immediately if you know the document numbers.

For the latest on what's happening on the congressional front, order documents 500 & 501. (Note: These documents require a member access code.)

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If rental/purchase is what you do best — Rent America can help you do it better!

Rent America provides marketing strategy and purchasing power for independent rental/purchase dealers who want to build on their success and still have the flexibility to put their own ideas into action. Rent America assures them of success in the following ways:

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Monday, August 7
APRO/Joe Eason Golf Tournament



Monday, August 7
State presidents' awards reception



Monday, August 7
Welcome reception, "Dead Movie Stars Party"

The Fashion Craft Corporation
& RSSS

Tues.-Thurs., August 8-10
"APRO Convention Daily" publication



GE Appliances

Tuesday, August 8
*General Session, keynote speaker
Exhibit hall champagne welcome*



Tuesday, August 8
Gala cocktail reception, "Casa Loco"



Wed. & Thurs., August 9 & 10
Seminar refreshment breaks

THOMSON CONSUMER ELECTRONICS

Thursday, August 10
Pre-banquet cocktail reception



Thursday, August 10
Awards banquet, "Casablanca"

Continued from page 31

Vegas pioneers could never have dreamed of, the city fathers have a tough agenda if Las Vegas is to keep revenues high and its 87,000 hotel and motel rooms occupied.

Nevada Gov. Bob Miller recently told the American Gaming Summit in Las Vegas that its situation was like that of a Civil War general who found his troops surrounded by the enemy. "Good," he said, "now we can attack in any direction."

As an example of the shift toward family fun, consider the crop of theme parks that has sprung up. On Oct. 27, 1993, Steve Wynn, chief executive of Mirage Resorts, pushed the button that reduced the once-grand 19-story Dunes Hotel to rubble. Just 24 hours earlier, Wynn had opened Treasure Island, a \$475 million pirate fantasy hotel that features orchestrated sword fights and, every 90 minutes, a staged battle between a full-scale British man-of-war and a pirate vessel.

Vegas visionaries argue that parents these days want to travel with their kids. Is that true or just an ugly rumor? Many adults may prefer that the peanut-butter-and-jelly set stayed home. Regardless, entertainment designers are hard at work to invent something for the kids to do and, with all those hotel rooms to fill, finding the right balance between Las Vegas glitz and family fun is a major challenge.

Circus Circus made the first thrust into this area many years ago with acrobats and an arcade to occupy the kids while parents gambled on the floor below. But today's kids and parents are harder to please, and Circus Circus has joined the trend to thrill-a-minute action with a new \$90-million theme park addition called Grand Slam Canyon, and a new sister hotel, the \$375 million Luxor, a 30-story pyramid-shaped resort with the Nile running through the lobby. Also new on the scene is the Hard Rock Cafe and Hotel, the world's only rock 'n roll hotel/casino, where millions of dollars worth of star memorabilia is displayed.

Creators of the MGM Grand, APRO's convention headquarters hotel, built the largest hotel in the world, with its own 33-acre theme park complete with Parisian taxi bumper cars, runaway mine train, giant flume ride (three rides involve fake rivers) and others, set in nine themed areas.

The MGM Grand's casino is a seven-story replica of the city of Oz, with yellow brick

road, Dorothy, Tin Man and all. Adding to the MGM success story is the MGM Grand Gardens, which raked in more than \$48 million in ticket sales in 1994 and is the site of this year's APRO trade show.

One element of the new Las Vegas magic is magic shows. Whereas many of the sights formerly unique to Vegas are now brought into your living room on 100-plus cable television stations (comedians, celebrities) or are replicated at a nearby shopping mall (arcades, carnival rides), magic is the one thing that works best in person. To fill our need for magic in our lives, Vegas offers a plethora of shows, with such headliners as Siegfried and Roy and Penn and Teller, and promoters know that it never hurts if you carry a little of that belief in the impossible into the casino with you.

WHAT'S IN IT FOR ME?

Conventions are, or course, a boon for conventioners as well as for their hosts. Conventions are where you meet up with colleagues, share ideas, headaches and woes, learn about new products and ways of doing business, and in general keep up to snuff in a rapidly changing industry and business climate.

Las Vegas is the city of the convention pros, and APRO convention planners are the industry pros—what better combination can there be?

"We've learned over the years what our members want from an APRO convention, and we plan with that in mind," says APRO Education Director Shelley Martinek. "Each event is scheduled for the convenience and advantage of our members, and once again, casual is the dress code for most of this year's convention events."

As usual, the convention tees off with the annual APRO/Joe Eason Golf Tournament at 8 a.m. Monday, Aug. 7. Buses leave the hotel at 6:30 to take you to the Las Vegas Hilton Country Club, host to the PGA Tour's Las Vegas Invitational last October. You must register on the APRO registration form by July 26 to participate.

Another pre-convention option that day is the River Rafting Adventure down the Colorado River. This trip, which takes you through the spectacular Black Canyon area, provides the only view of Hoover Dam from its base. Again, you must preregister by July 26. For

Continued on page 45

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APRO REGISTRATION FORM

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REGISTRATION

Non-family members of the same firm must complete a separate registration form. This form may be photocopied.

BADGES

Only individuals registered and badged may attend convention events or meetings. Your name and company will appear on your badge exactly as you indicate on this form.

FEES

Save by signing up for full registration and take advantage of early registration for additional savings. Fees must accompany completed registration form. Credit card registrations will be accepted by phone or fax until July 26, 1995. No phone or fax reservations will be accepted after July 26. If mailing your registration, please allow time for form to be received in the APRO office by July 26. REGISTRATIONS WILL BE TAKEN ON SITE.

INQUIRIES

Any questions, call 512/794-0095;
Fax registrations to 512/794-0097.

CANCELLATIONS

All cancellations or changes must be received in writing in the APRO office, postmarked by July 3, 1995. A processing fee of 20 percent of the total registration will be charged for all cancellations. After July 3, no fees will be refunded.

HOTEL RESERVATIONS

DEADLINE, JULY 3. Make your reservations by calling 1-800-929-1111. PLEASE NOTE: Hotel reservations must be received July 3, 1995 to guarantee the special APRO rate of \$68 single/double and by **June 3, 1995, for "free room" contest.** Be sure to mention you are with APRO (group code APRO01) to get the special convention room rate.

AIRLINE/AUTO RESERVATIONS

APRO is offering discounted rates to Las Vegas. For airline or auto reservations call, or have your travel agent call, Conventions in America at 1-800-929-4242. Refer to APRO#680 or you may call Delta at 1-800-241-6760 and refer to File #P0457 or Alamo Rent-A-Car, 1-800-732-3232; ID #77274, Rate Code GR.

No soliciting will be allowed at any APRO social function or on the trade show floor by non-exhibiting vendors. For information on exhibiting at the APRO trade show, call the APRO OFFICE AT 512/794-0095.

FOR OFFICE USE ONLY:

MID# _____
Date rec. _____ Date ent. _____
Ck.# _____ Amt. Pd. _____
Pre _____ On-site _____

Please print or type, one form per registrant & spouse/guest. (Please note: Personal guest is defined as "significant other" or immediate family member.) You may photocopy this form. A written confirmation will be sent to you from the APRO office prior to convention. If your registration is received in our office after July 26, it will be treated as an on-site registration, and no confirmation will be sent.

Last name: _____ First name (for badge): _____

Spouse/guest—Last name: _____ First name (for badge): _____

Teen/child—Last name: _____ First name (for badge): _____

Teen/child—Last name: _____ First name (for badge): _____

Company name: _____

Company mailing address: _____

City/State/Zip: _____

Business phone: _____ FAX: _____ First-time attendee? yes no

Rental Dealer Non-exhibiting vendor Other (explain) _____

Any special needs? (explain) _____

Note: Exhibitors should not use this form as they will receive special badge form with exhibitor information.

FULL REGISTRATION

Includes Welcome Reception Monday, Cocktail Reception Tuesday at MGM Grand Adventures Theme Park, Awards Reception and Banquet Thursday, all seminars, general session, entrance to exhibit hall. Not included: Golf Tournament or River Rafting Adventure.

	By 7/3	After 7/3
<input type="checkbox"/> APRO Member	\$275	\$325
<input type="checkbox"/> Non-Member	\$375	\$425
<input type="checkbox"/> Spouse/Guest	\$150	\$165
<input type="checkbox"/> Teen (13-17)	\$125	\$140
<input type="checkbox"/> Child (4-12)	\$75	\$90
<input type="checkbox"/> 3 and under	Complimentary	

A LA CARTE

A la carte prices allow entrance only to individual functions as listed:

	Member	Non-Member
<input type="checkbox"/> Seminars, Day 1 (Wednesday, Aug. 9)	\$100	\$150
<input type="checkbox"/> Seminars, Day 2 (Thursday, Aug. 10)	\$100	\$150
<input type="checkbox"/> Exhibit Hall Only (will not allow entrance to seminars or social functions)	FREE	FREE
<input type="checkbox"/> Welcome Reception, Monday "Dead Movie Stars Party"	\$35	\$35
<input type="checkbox"/> Gala Cocktail Reception, Tuesday, "APRO's Casa Loco" at MGM Theme Park	\$50	\$50
<input type="checkbox"/> Reception & Awards Banquet, Thursday "An Evening in Casablanca"	\$75	\$75

OPTIONAL PROGRAMS—MUST REGISTER BY JULY 26—SPACE IS LIMITED

"River Rafting Adventure" Monday, August 7, 8 a.m.-2 p.m. \$88

"Paddlewheel Cruise" Wednesday, August 9, noon-4 p.m. \$55 (no charge with full spouse/guest registration)

GOLF TOURNAMENT

"1995 APRO/Joe Eason Golf Tournament" Monday, Aug. 7, 8 a.m. \$60 per person.

Mens Division Womens Division I am an APRO member My personal check is made out to APRO PAC

Name of Player: _____ Handicap or Average Score (required): _____

Requested Team Pairing (if possible): _____

ADD ALL FEES DUE AND ENTER TOTAL HERE: TOTAL \$ _____

My check is enclosed and made payable to APRO. Charge my VISA MasterCard American Express

Account # _____ Exp. date _____

Signature _____

Print name as appears on card _____

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APRO
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Austin, Texas 78759
Phone: 512/794-0095; FAX: 512/794-0097

YOU MAY PHOTOCOPY THIS FORM.



Continued from page 43

more details, see your information packet or call Martinek at APRO—(512)794-0095.

The "Dead Movie Stars Party" that night gives you the opportunity to renew acquaintances with old friends and make new ones, includ-

ing some of the movie stars, like Clark Gable and James Dean, you thought you'd missed the chance to meet. You don't get many opportunities like this, so dress in your "old movie star chic" or casual and join us for a complimentary open bar and light hors d'oeuvres.

The APRO General Session convenes the next morning at 9:30 and lasts until noon. Stephen

D. King, the one who has never written a horror novel, but did achieve business success at an early age, will give an address that is sure to inspire. King ranked No. 4 in the Top 10 Entrepreneurs in the U.S. by age 30 and is president of S.D.K. Investments in Cincinnati.

At noon on Tuesday, the annual trade show
Continued on page 47

1995 APRO Convention Seminar Schedule

	Studio 1	Studio 2/3	Studio 4	Studio 6	Studio 8
Wednesday August 9	APRO Government Relations Update Ron Waters, APRO Chris Korst, Ron DeMoss <i>Rent-A-Center</i>	Grow The Business Without Blowing Profits Bud Holladay, <i>Alrengo, Inc.</i>	Lender's Perspective: What Investors Look For Panel Ernie Lewallen, Moderator	How to Reel in Employees You Don't Want to Throw Back! Jill Tibbels <i>Zig Zigler Corp.</i>	New Product Ideas Rich Bartel, <i>Rentown</i> Ernie Lewallen, <i>UHR, Inc.</i> Darrel Tissot, <i>Countryside Rentals</i>
1-2:30 p.m.					
2:45-4:15 p.m.	Profit & Pressure: Stress Control for Weary Warriors Kent Sutherland <i>Action Rent-To-Own</i>	Industry Tax Issues APRO Tax & Accounting Committee Wayne Chambers, Moderator	APRO 1995 Statistical Survey Results Ted Wilson, <i>Alrengo</i> Bill Keese, <i>APRO</i>	How to Reel in Employees You Don't Want to Throw Back! Jill Tibbels <i>Zig Zigler Corp.</i>	New Product Ideas Rich Bartel, <i>Rentown</i> Ernie Lewallen, <i>UHR, Inc.</i> Darrel Tissot, <i>Countryside Rentals</i>
4:30-6 p.m.	Profit & Pressure: Stress Control for Weary Warriors Kent Sutherland <i>Action Rent-To-Own</i>	Industry Tax Issues APRO Tax & Accounting Committee Wayne Chambers, Moderator	APRO 1995 Statistical Survey Results Ted Wilson, <i>Alrengo</i> Bill Keese, <i>APRO</i>	Grow The Business Without Blowing Profits Bud Holladay, <i>Alrengo</i>	Know Your Company's Power in Government Richard May, <i>APRO</i> Ernie Lewallen, <i>UHR, Inc.</i> Larry Sutton, <i>Champion</i>
Thursday August 10	Do You Still Believe in RTO? Larry Sutton <i>Champion/B&L Concepts</i>	Rental Customer Survey C. Britt Beemer <i>America's Research Group</i>	Negotiation in Buying: Drop/Warehouse Shipping Debbie Hall, <i>Action</i> Judy Garrison, <i>Champion/B&L</i>	Legal Update Ed Winn <i>Overstreet, Winn & Edwards</i>	How to Make APRO Member Benefits Work For You Panel Rich Bartel, Moderator
1-2:30 p.m.					
2:45-4:15 pm.	7 Habits of Highly Effective People LeRoy Maughan, <i>Covey Leadership Center</i>	Rental Customer Survey C. Britt Beemer <i>America's Research Group</i>	Going Public—Investment Finance Marks Hinton, Paul Huffman <i>Equitable Securities</i>	Major League Motivation Al Oliver, Former Major League Baseball Player	21 Steps to Account Management Larry Randolph <i>Triad Learning</i>
4:30-6 p.m.	7 Habits of Highly Effective People LeRoy Maughan, <i>Covey Leadership Center</i>	Do You Still Believe in RTO? Larry Sutton <i>Champion/B&L Concepts</i>	Going Public—Investment Finance Marks Hinton, Paul Huffman <i>Equitable Securities</i>	Major League Motivation Al Oliver, Former Major League Baseball Player	21 Steps to Account Management Larry Randolph <i>Triad Learning</i>



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Continued from page 45

opens with a ribbon-cutting ceremony in the MGM Grand Garden. The Wizard of Oz does the honors, of course. The exhibit hall will remain open until 5:30 and reopen on Wednesday and Thursday from 9 a.m. until 1 p.m.

This is the largest trade show of the year for the rental-purchase industry, and your best opportunity to see new products and services, talk to vendors and distributors, and share ideas on what works and what doesn't. Best of all, the trade show is free. A business card or payroll check stub will get you an "Exhibit Hall Only" badge even if you can't stay for the whole convention.

The second of three great APRO parties is Tuesday night. Wear your Southwestern casual to the Rio Grande Cantina in the MGM Theme Park for a Mexican Fiesta with plenty of food, friends and festivity. It will keep your mind off the just-escaped Pancho Villa, who may be lurking in the crowd. Cash bar.

APRO's educational seminars are scheduled for Wednesday and Thursday afternoons. We profiled many of the speakers in the last issue of *Progressive Rentals*, and a full seminar schedule listing speakers and topics can be found back on page 45 of this magazine.

"The seminars are an important element of the annual convention," says Martinek. "Our seminars are designed to offer a broad spectrum of expertise, so that there is something of interest and value for every participant."

In addition to providing the tools to help you go further in your business, convention seminars will give you the motivational boost you need to make next year your best year.

One seminar of particular interest will deal with government relations. Because of the success of this association's efforts on behalf of its members, the legislative climate for the rental-purchase industry has improved considerably. To stay abreast of what's happening in government that could affect you and your business,

be sure to attend the 1995 APRO Government Relations Update on Wednesday afternoon.

A special program for spouses and guests is also offered that afternoon—a paddle wheel cruise on Lake Mead with lunch along the way. This scenic cruise is included in the full spouse/guest registration, or is available a la carte for \$55 per person.

As is custom, we've saved the best for last—cocktails at Rick's Cafe, following by an evening in Casablanca. That's APRO's 1995 convention gala on Thursday night. Semiformal attire for this event.

The evening includes piano entertainment over cocktails, and a full banquet followed by dancing. During the evening, names of the new officers will be announced, and awards will be presented. This night with Bogey and Ingrid promises to be a night to remember, and the perfect conclusion to a perfect convention experience.

Register now so you and yours can help APRO '95: Make It Grand!

Barbara Stooksberry has been writing about APRO-convention destinations since 1989.

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Rental-Purchase

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	Model	AL	AR	AZ	CA	CO	CT	DE	FL	GA	IA	ID	IL	IN	K
1	Total cost of rental ownership.	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲
2	Statement that the total cost does not include other charges.	▲		▲	▲	▲	▲	▲			▲	▲	▲	▲	▲
3	Amount and timing of payments.	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲
4	"No equity" statement: (no ownership until total of payments made).	▲	▲	▲	▲	▲	▲	▲			▲	▲	▲	▲	▲
5	Explanation of risk or loss during term of agreement.	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲
6	Statutory limit on consumer's risk of loss (fair market value, cash price, purchase option price or other limit).	▲		▲	▲	▲	▲	▲			▲	▲	▲	▲	▲
7	Description of the leased property.	▲			▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲
8	Whether property is new or used.	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲
8	Description of any damages to property.	▲													
10	Cash price of property (or fair market value).	▲		▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲
11	Total initial payment due before delivery or consummation.	▲		▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲
12	Disclosure of any early buy-out options or formulas.	▲		▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲
13	Early buy-out option required by statute.	▲		▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲
14	Early buy-out formula set by statute.				▲	▲	▲	▲			▲				
15	Explanation of maintenance and service responsibilities during agreement.	▲		▲	▲	▲	▲	▲	▲	▲		▲			
16	Disclosure of any manufacturer's warranty coverage after ownership.	▲		▲	▲	▲	▲	▲	▲	▲		▲			
17	Requirement to transfer any unexpired manufacturer's warranty after ownership.	▲		▲	▲	▲	▲	▲	▲	▲		▲			
18	Identities of the parties and date of the transaction.	▲		▲	▲	▲			▲			▲			
18	Statement that consumer may terminate at any time without penalty.	▲		▲			▲	▲							
20	Explanation or notice of reinstatement rights of consumer.	▲		▲	▲	▲	▲	▲	▲	▲		▲	▲	▲	▲
21	Disclosure of amounts of "other charges."		▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲
22	Explanation of purpose of "other charges."		▲	▲	▲	▲	▲				▲		▲	▲	▲
23	Limit on "other charges" — must be "reasonably related to the cost."				▲								▲		
24	Statement concerning how agreement can be terminated.						▲		▲						
25	Cost of lease service (difference between rental- or lease-purchase price & cash price).			▲	▲		▲			▲					
26	Statement that the transaction is regulated under state law.														
27	Statement of any fees or taxes payable by lessee.				▲										
28	Statement of amount of any lessee liability at end of lease term (compare with termination penalty in long-term lease).														
28	Description of any insurance required of lessee.														
30	Description of any security interest retained by lessor.	▲			▲										
31	Stmt. that consumer is not required to buy insurance from merchant.		▲						▲						
32	Any in-home collection charge must be disclosed and separately agreed to.								▲						
33	Description of any insurance paid for by lessor.	▲													
34	Statement that consumer not required to purchase damage waiver fee.														
35	Statement re: default notice.														
36	Statement re: consumer warranties.														
37	Statement re: rights if rental agreement sold as negotiable instrument.						▲								
38	Statement re: liability damage waiver.						▲								
39	Statement regarding written receipt.														
40	Statement: If you want to purchase this or similar property now, you should consider cash or credit terms that might be available to you.														

1Lessor required to provide maintenance

California

Model year of rental property must be on agreement.

Charts for comparison only. For details of any state's rental-purchase requirements, refer to the statutes.

Agreement Disclosures

NY LA MA MD ME MI MN MO MS ND NE NH NM NV NY OH OK OR RI SC SD TN TX UT VA WA WV



Charts edited by Ed Winn
 Chart design by Kim McBride

Specifications on Fees

Model	Late charges/reinstatement fees/delinquency charges permitted:	Statutory amount (per missed payment):	Grace period on late fees, etc.		Separate reinstatement fee permitted. Statutory fee limits:	In-home collection fees permitted. Statutory fee limits:		Processing fees permitted. Statutory fee limits:	Delivery charges permitted. Statutory fee limits:	
			Monthly	Weekly		Monthly	Weekly			
Alabama	Yes				Yes		Yes	Yes	Yes	
Arizona	Yes, \$5 max.		7 days	2 days	No		Yes	Yes	Yes	
Arkansas	Yes				Yes		Yes	Yes	Yes	
California	Yes, \$2-\$5		7 days	3 days	No		Yes	Yes	Yes	
Colorado	Yes	\$5 monthly - \$3 weekly	5 days	3 days	Yes - \$5 max.	\$10 (3x/6 mo.)	Yes	\$10 (3x/6 mo.)	Yes - \$10	Yes - \$15-5 items or less \$45-over 5 items
Connecticut	Yes	Lesser of 5% or \$5	5 days	3 days	Yes \$5 max.	\$5 (3x/6 mo.)	Yes	\$5 (3x/6 mo.)	Yes \$10/agreement	Yes
Delaware	Yes	Greater of 10% or \$3	2 bus. days	2 bus. days	Yes - \$5 max.		Yes		Yes	Yes
Florida	Yes	\$5 max.			Yes - \$5 max.		Yes		Yes	Yes
Georgia	Yes	Yes - \$5 max.			Yes				Yes	Yes
Iowa	Yes	\$5 monthly - \$3 weekly	5 Bus. days	3 Bus days	Yes - \$5 max.	\$5 (\$7/trip limit)	Yes	\$5 (\$7/trip limit)	Yes \$10/agreement	Yes - \$10 (\$25 -over 5 items)
Idaho	Yes								Yes	Yes
Illinois	Yes	\$5/max.	3 days	3 days			Yes		Yes	Yes
Indiana	Yes	\$5 monthly - \$1-3 weekly	5 days	3 days	Yes - \$5 max.	\$10	Yes	\$10	Yes - \$10	Yes
Kansas	Yes				Yes				Yes	Yes
Kentucky	Yes								Yes	Yes
Louisiana	Yes			Yes					Yes	Yes
Maryland	Yes	\$5 max.							No	Yes
Maine	Yes	Greater of 5% or \$2	5 days	3 days		\$5	Yes	\$5	Yes \$15/customer	Yes, \$20-\$40
Michigan	Yes	Lesser of 5% or \$5	1 month	1 week	No		Yes		No	Yes
Minnesota	Yes	Greater of 5% or \$3	3 Bus. days	2 Bus. days	Yes - \$5 max.	\$5 (\$7 3 times/3 mo)	Yes	\$5 (\$7 3 times/3 mo)	Yes	Yes - \$15 (\$30 -over 5 items)
Mississippi	Yes				No		Yes		Yes	Yes
Missouri	Yes	\$5 max.			Yes - \$5 max.		Yes		Yes	Yes
Massachusetts	Yes				Yes		Yes		Yes	Yes
North Dakota	Yes	Greater of \$3 or 5%							Yes	Yes
Nebraska	Yes	\$5 monthly - \$3 weekly	5 bus.days	3 bus. days	Yes \$5		No		Yes \$10	Yes, \$10 (\$25 over 5 items)
New Hampshire	Yes	\$5	5 days	2 days	No				Yes	Yes
New Mexico	Yes				No		Yes		Yes	Yes
Nevada	Yes			Yes			Yes		Yes	Yes
New York	Yes	Greater of \$3 or 10% wkly or greater of \$5 or 10% mo.	7 days	3 days			Yes		Yes	Yes
Ohio	Yes		5 days	2 days	Yes - \$5 max.		Yes		No	Yes
Oklahoma	Yes	\$5 monthly - \$3 weekly			Yes	\$10 (3x/6 mo)	Yes	\$10	Yes \$10	Yes \$15-45/agreement
Oregon	Yes	\$5 max.	5 days	2 days	No				Yes	Yes
Rhode Island	Yes				Yes - \$5 max.		Yes		Yes	Yes
South Carolina	Yes	\$6.60 monthly - \$3.30 weekly	5 Bus. days	3 Bus days		\$7 per trip (limit 3/6mo.)	Yes	\$7 per trip (limit 3/6mo.)	Yes \$5	Yes - \$15 (\$45 -over 5 items)
South Dakota	Yes				Yes		Yes		Yes	Yes
Tennessee	Yes				Yes		Yes		Yes	Yes
Texas	Yes	\$2 - \$5	7 days	7 days			Yes		Yes	Yes
Utah	Yes				Yes			Yes	Yes	Yes
Virginia	Yes				Yes		Yes		Yes	Yes
Washington	Yes		Yes		Yes		Yes		Yes	Yes
West Virginia	Yes	Lesser of 5% or \$15 weekly or monthly	5 days	3 days	Yes \$5		Yes		No	Yes

than 2.4 times retail value.

and Payments

Redelivery fee after repossession permitted.	Fees or penalties for return of the merchandise or termination of the agreement permitted.	Security deposit permitted.	Final "balloon payments" permitted.	Requiring insurance to be purchased from RTO dealer.	Limits on R-P pricing	Optional damage waiver fee permitted by statute Statutory fee limits:	Optional leased property insurance permitted by statute Statutory fee limits:
Yes	No	Yes	Yes	No	No	Yes	Yes
Yes		Yes	No	No	No		
Yes	No	Yes	No	No	No		
Yes	Yes	Yes	Yes	No			
Yes	No	Yes	No	No	*	No	No
	No	Yes	No	No		Yes greater of 10% or \$2 weekly; 10% or \$5 monthly	No
Yes	No	No	No		R-P price cannot be greater than 2 times cash	Yes 7.5% of payment	Yes 5% of payment
Yes	No	Yes	No	No			
Yes	No	Yes	Yes	No			
Yes	No	Yes	Yes	No			
Yes	No	Yes	No	No	R-P price cannot be greater than 2 times cash		
	Yes	Yes	No	No			
Yes	No	Yes	Yes	No		Yes greater of 10% or \$2 weekly; 10% or \$5 monthly	
Yes	Yes	No	Yes	No			
	Yes	Yes	Yes	No			
Yes	No	Yes	Yes	No			
No	No		No	No	R-P price cannot be greater than 2 times cash price	Yes greater of 5% or \$2 weekly; 5% or \$5 mo.	No
Yes	No	Yes	No	No	R-P price cannot be greater than 2.2 times cash price		
Yes	No	No	No	No		Yes required by statute 10% of payment	No
Yes	No	Yes	Yes	No			
Yes	Yes	Yes	No	No			
Yes	Yes	Yes	No				
No	No	Yes	Yes	No		No	No
Yes	No	Yes	No	No		Yes	Yes
No	No	Yes	No	No			
No	Yes	Yes	No			Yes	Yes
Yes	No	Yes	No	No	R-P price cannot be greater than 2 times cash price		
Yes	Yes	Yes	No	No	R-P price cannot be greater than 2 times cash price		
No	No	No	No	No		Yes greater of \$1 or 5% of payment	Yes
Yes	Yes	Yes	No	No	No		
Yes	Yes	Yes	Yes	No			
Yes	No	Yes	No	No			
Yes	No	Yes	Yes	No			
Yes	No	Yes	No	No			
Yes	Yes	Yes	No	No			
Yes	Yes	Yes	Yes	No			
Yes	No			No			
Yes	Yes	Yes	Yes	No			
Yes					R-P price cannot be more	Yes	Yes

*No. of payments made, divided by No. of payments for ownership, times cash price.

Reinstatement Rights

	1. Weekly Payments	2. Monthly Payments	3. Statutory "cure period" after notice before suit can be filed	
			Monthly	Weekly
Model	2 days if property returned, then 21 or 45 more depends on rental payments made	5 days if property returned, then 21 or 45 more depends on rental payments made		
Alabama	2 days; then 30 more days if returned	5 days; then 30 more days if returned		
Arizona	7 days; if property returned then 60-180 days; depends on payments made	7 days if property returned, then 60-180 days; depends on payments made		
Arkansas	2 business days, then 30 more days if returned	5 business days; then 30 more days if returned		
California	7 days; if property returned then 1 year	10 days; if property returned then 1 year		
Colorado	60 days; then 120; depends on payments	60 days; then 120; depends on payments		
Connecticut	Upon return of property 30 to 180 days; depends on payments made	Upon return of property 30 to 180 days; depends on payments made		
Delaware	Upon return of property 30 to 180 days; depends on payments made	Upon return of property 30 to 180 days; depends on payments made		
Florida	60 days	60 days		
Georgia	21 days	90 days		
Iowa	60 days	60 days	5 business days	3 business days
Idaho	2 days if property returned, then 21 or 45 more depends on rental payments made	5 days if property returned, then 21 or 45 more depends on rental payments made		
Illinois	7 days; then 30 more if property returned	16 days; then 30 more if property returned		
Indiana	60 days	60 days		
Kansas	2 days if property returned, then 21 or 45 more depends on rental payments made	5 days if property returned, then 21 or 45 more depends on rental payments made		
Kentucky	2 days; then 30 more days if returned	5 day; then 30 more days if returned		
Louisiana	2 days if property returned, then 21 or 45 more depends on rental payments made	5 days if property returned, then 21 or 45 more depends on rental payments made		
Maryland	2 days; then 15, then 21, or 45 more; depends on rental payments made	5 days; then 15, then 21, or 45 more; depends on rental payments made		
Maine	Upon return of property 45 to 180 days; depends on payments made	Upon return of property 45 to 180 days; depends on payments made	3 business days before notice can be sent, then 5 business days	3 business days
Michigan	21 days	90 days		
Minnesota	7 days; then 60-180 days; depends on payments made	7 days; then 60-180 days; depends on payments made	7 days	7 days
Mississippi	2 days; then 21 or 45 more depends on rental payments made	5 days; then 21 or 45 more depends on rental payments made		
Missouri	21 days	90 days		
Massachusetts	No Statutory Reinstatement	No Statutory Reinstatement		
North Dakota	2 days; then 21 or 45 more depends on rental payments made	5 days; then 21 or 45 more depends on rental payments made		
Nebraska	3 bus. days if property returned, then 30, 60, or 180 days, depends on rental payments made	5 bus. days if property returned, then 30, 60, or 180 days, depends on rental payments made		
New Hampshire	2 days if property returned, then 21 or 45 more depends on rental payments made	5 days if property returned, then 21 or 45 more depends on rental payments made		
New Mexico	2 days if property returned, then 21 or 30 more depends on rental payments made	5 days if property returned, then 21 or 30 more depends on rental payments made		
Nevada	2 days if property returned, then 21 or 45 more depends on rental payments made	5 days if property returned, then 21 or 45 more depends on rental payments made		
New York	7 days if property returned, then 30, 60, or 180 days, depends on rental payments made	15 days if property returned, then 30, 60, or 180 days, depends on rental payments made		
Ohio	21 days	90 days		
Oklahoma	2 days; then 30 more days if returned	2 days; then 30 more days if returned		
Oregon	2 days; then 21-30 days; depends on rental payments made	5 days; then 21-30 days; depends on rental payments made		
Rhode Island	21 days	90 days		
South Carolina	60 days	60 days	5 days	5 days
South Dakota	2 days if property returned, then 21 or 45 more depends on rental payments made	5 days if property returned, then 21 or 45 more depends on rental payments made		
Tennessee	2 days if property returned, then 30, 60, or 180 days, depends on rental payments made	5 days; if property returned, then 30, 60, or 180 days, depends on rental payments made		
Texas	7 days; then 30 more days if returned	16 days; then 30 more days if returned		
Utah	2 days; then 45 to 90 more depends on rental payments made	5 days; then 45 to 90 more depends on rental payments made		
Virginia	2 days if property returned, then 21 or 45 more depends on rental payments made	5 days if property returned, then 21 or 45 more depends on rental payments made		
Washington	5 days if property returned, then 21 or 45 more depends on rental payments made	10 days if property returned, then 21 or 45 more depends on rental payments made		
West Virginia	60 days to 90 days; depends on payments made	60 days to 90 days; depends on payments made	7 days	7 days

In-Store Price Tag Disclosures

Arizona	Cash price	Amount of a periodic payment	Total number and amount of payments for ownership	Cost of rental			
Connecticut	Cash price	Amount of a periodic payment	Total cost				
Delaware	Cash price	Amount of a periodic payment	Total cost				
Maine	Number and total amount of payments for ownership						
Maryland	Number and amount of payments	Total r-p price					
Michigan	Cash price	Amount of a periodic payment	Number of pymts. for ownership				
Minnesota	Cash price	Amount of a periodic payment	Total cost				
New Hampshire	Cash price	Amount of a periodic payment	Number of pymts. for ownership	Total Cost			
New Mexico	Cash price	Amount of a periodic payment	Number of pymts. for ownership	Total Cost			
New York	Cash price	Amount of a periodic payment	Number of pymts. for ownership	Total Cost			
Ohio	Cash price	Amount of a periodic payment	Number of pymts. for ownership	Total Cost			
Oregon	Cash price	Amount of a periodic payment	Number of pymts. for ownership				
West Virginia	Retail Value	R-P charge	Rental period	Number of payments for ownership	Amount of a periodic payment	Total of all payments	New or used

California			
TOTAL OF PAYMENTS \$ _____	COST OF RENTAL \$ _____ Amount over cash price you will pay if you make all regular payments	CASH PRICE \$ _____ Property available at this price for cash from retailers in this area.	
You must pay this amount to own the property if you make all the regular payments.	AMOUNT OF EACH PAYMENT \$ _____ per _____ (Insert period)	NUMBER OF PAYMENTS	RENTAL PERIOD
You can buy property for less under the early purchase option.			

NOTICE

California - You are renting the property. You will not own it until you make all of the regularly scheduled payments or you use the early purchase option.

You do not have the right to keep the property if you do not make required payments or do not use the early purchase option. If you miss a payment, the lessor can repossess the property, but, you may have the right to the return of the same or similar property.

See the contract for an explanation of your rights.

Notice to Consumers

FLORIDA

- Do not sign this rental-purchase agreement before you read it or if it contains any blank spaces.
- You are entitled to an exact copy of the rental-purchase agreement you sign. Keep it to protect your legal rights.

MICHIGAN

- NOTICE: This agreement is regulated by state law and may be enforced by the attorney general or by private legal action.

IOWA

- Do not sign this before you read the entire agreement including any writing on the reverse side, even if otherwise advised.
- Do not sign this if it contains any blank spaces.
- You are entitled to an exact copy of any agreement you sign.
- You have the right to exercise any early buy-out option as provided in this agreement. Exercise of this option may result in a reduction of your total cost to acquire ownership under this agreement.
- If you elect to make weekly rather than monthly payments and exercise your purchase option, you may pay more for the leased property.

OHIO

- "Notice: This lease-purchase agreement is regulated by state law and may be enforced by the attorney general or by private legal action."

NEBRASKA

- Do not sign this before you read the entire agreement, including any writing on the reverse side, even if otherwise advised.
- Do not sign this if it contains any blank spaces.
- You are entitled to an exact copy of any agreement you sign.

COLORADO

- Do not sign this before you read the entire agreement including any writing on the reverse side, even if otherwise advised.
- Do not sign this if it contains any blank spaces.
- You are entitled to an exact copy of any agreement you sign.
- You have the right to exercise early buy-out option as provided in this agreement. Exercise of this option may result in a reduction of your total cost to acquire ownership under this agreement.
- If you elect to make weekly rather than monthly payments and exercise your purchase option, you may pay more for the leased property.

MAINE

- Do not sign this agreement before you read it.
- You are entitled to a copy of this agreement

DELAWARE

- Do not sign this lease-purchase agreement before you read it or if it contains any blank space.
- You are entitled to a completely filled in copy of this agreement.
- Under the law, you have the right to exercise an early purchase option which will result in a lower cost to acquire ownership

NORTH DAKOTA

- Do not sign this before you read the entire agreement, including any writing on the reverse side, even if told you do not need to.
- Do not sign this if it contains any blank spaces.
- You are entitled to an exact copy of any agreement you sign.

NEW MEXICO

- Do not sign this agreement before you read it or if it contains blank spaces. You are entitled to a copy of the agreement you sign.

Advertising Disclosures

	1. Triggering Term(s) - If an advertisement contains these items, then the disclosures must also appear in the advertisement	A. Disclosures - must make all of the following disclosures	B	C
Model	Reference to or statement of a rental rate AND Reference to R-P of a specific item	ID transaction as an R-P agreement	Total amount and number of payments necessary to acquire ownership	No equity statement
Alabama	Reference to or statement of a rental rate OR Reference to R-P of a specific item	ID transaction as an R-P agreement	Total amount and number of payments necessary to acquire ownership	
Arizona	Reference to or statement of a rental rate AND Reference to R-P of a specific item	ID transaction as an R-P agreement	Total amount and amount of payments necessary for ownership	No equity statement
Arkansas	Rental-Purchase Agreement	ID transaction as an R-P agreement	Total amount and number of payments	No equity statement
California	Amount of any payment	ID transaction as an R-P agreement	Total number and amount of payments for ownership	No equity statement
Colorado	Reference to or statement of a rental rate OR Reference to R-P of a specific item	ID transaction as an R-P agreement	Total amount and number of payments necessary to acquire ownership	No equity statement
Connecticut	Reference to or statement of a rental rate AND Reference to R-P of a specific item	ID transaction as an R-P agreement	Total number and amount of payments for ownership	Ownership options
Delaware	Reference to or statement of a rental rate OR Reference to R-P of a specific item	ID transaction as an R-P agreement	Total amount and number of payments necessary to acquire ownership	No equity statement
Florida	Reference to or statement of a rental rate OR Reference to R-P of a specific item	ID transaction as an R-P agreement		No equity statement
Georgia	Rental rate due at start of lease of a specific item	Amount of initial payment due		Cost of services
Iowa	Reference to or statement of a rental rate OR Reference to R-P of a specific item	ID transaction as an R-P agreement	Total amount and number of payments necessary to acquire ownership	No equity statement
Idaho	Reference to or statement of a rental rate AND Reference to R-P of a specific item	ID transaction as an R-P agreement	Total amount and number of payments necessary to acquire ownership	No equity statement
Illinois	Reference to or statement of a rental rate OR Reference to R-P of a specific item	ID transaction as an R-P agreement	Total amount and number of payments necessary to acquire ownership	No equity statement
Indiana	No advertising requirement in statute			
Kansas	Reference to or statement of a rental rate OR Reference to R-P of a specific item	ID transaction as an R-P agreement	No equity statement	
Kentucky	Reference to or statement of a rental rate OR Reference to R-P of a specific item	ID transaction as an R-P agreement	Total amount and number of payments necessary to acquire ownership	No equity statement
Louisiana	Reference to or statement of a rental rate AND Reference to R-P of a specific item	ID transaction as an R-P agreement	Total of payments necessary to acquire ownership	No equity statement
Maryland	Reference to or statement of a rental rate AND Reference to R-P of a specific item	ID transaction as an R-P agreement	Total amount and number of payments necessary to acquire ownership	No equity statement
Maine	Reference to or statement of a rental rate OR Reference to R-P of a specific item	ID transaction as an R-P agreement	Total amount and number of payments necessary to acquire ownership	No equity statement
Michigan	Rental rate due at start of lease	Amount of initial payment due	Total of all payments necessary to acquire ownership	
Minnesota	Reference to or statement of a rental rate OR Reference to R-P of a specific item	ID transaction as an R-P agreement	Total of payments necessary to acquire ownership	No equity statement
Mississippi	Reference to or statement of a rental rate AND Reference to R-P of a specific item	ID transaction as an R-P agreement	Total amount and number of payments necessary to acquire ownership	No equity statement
Missouri	Reference to or statement of a rental rate OR Reference to R-P of a specific item	ID transaction as an R-P agreement	Total amount and number of payments necessary to acquire ownership	No equity statement
Massachusetts	Reference to or statement of a rental rate OR Reference to R-P of a specific item	ID transaction as an R-P agreement	Total initial payment due	Security deposit if applicable
North Dakota	Reference to or statement of a rental rate AND Reference to R-P of a specific item	ID transaction as an R-P agreement	Total amount and number of payments necessary to acquire ownership	No equity statement
Nebraska	Reference to or statement of a rental rate OR Reference to R-P of a specific item	ID transaction as an R-P agreement	Total amount and number of payments necessary to acquire ownership	No equity statement
New Hampshire	Reference to or statement of a rental rate AND Reference to R-P of a specific item	ID transaction as an R-P agreement	Total amount and number of payments necessary to acquire ownership	No equity statement
New Mexico	Reference to or statement of a rental rate AND Reference to R-P of a specific item	ID transaction as an R-P agreement	Total amount and number of payments necessary to acquire ownership	No equity statement
Nevada	Reference to or statement of a rental rate AND Reference to R-P of a specific item	ID transaction as an R-P agreement	Total of payments necessary to acquire ownership	No equity statement
New York	Reference to or statement of a rental rate OR Reference to R-P of a specific item	ID transaction as an R-P agreement	Total amount and number of payments necessary to acquire ownership labeled total cost	Availability of early buy-out ownership options
Ohio	Amount of initial payment	Amount of initial payment due	Amount of regular payment	Total number of payments necessary to acquire ownership
Oklahoma	Reference to or statement of a rental rate AND Reference to R-P of a specific item	ID transaction as an R-P agreement	Total amount and number of payments necessary to acquire ownership	
Oregon	Reference to or statement of a rental rate AND Reference to R-P of a specific item	ID transaction as an R-P agreement	Total amount and number of payments necessary to acquire ownership	No equity statement
Rhode Island	Reference to or statement of a rental rate OR Reference to R-P of a specific item	ID transaction as an R-P agreement	Total initial payment due	Security deposit if applicable
South Carolina	Reference to or statement of a rental rate OR Reference to R-P of a specific item	ID transaction as an R-P agreement	Total of payments necessary to acquire ownership	No equity statement
South Dakota	Reference to or statement of a rental rate AND Reference to R-P of a specific item	ID transaction as an R-P agreement	Total of payments necessary to acquire ownership	No equity statement
Tennessee	Reference to or statement of a rental rate OR Reference to R-P of a specific item	ID transaction as an R-P agreement	Total of payments necessary to acquire ownership	No equity statement
Texas	Reference to or statement of a rental rate AND Reference to R-P of a specific item	ID transaction as an R-P agreement	Total of payments necessary to acquire ownership	No equity statement
Utah	No advertising requirements in statute			
Virginia	Reference to or statement of a rental rate AND Reference to R-P of a specific item	ID transaction as an R-P agreement	Total amount and number of payments necessary to acquire ownership	No equity statement
Washington	Reference to or statement of a rental rate AND Reference to R-P of a specific item	ID transaction as an R-P agreement	Total amount and number of payments necessary to acquire ownership	No equity statement
West Virginia	Price of the item		All seven of the disclosures required in the rental agreement	

D

2. Triggering Term(s) - AND, if the advertisement also contains the following items, then the disclosures listed must also appear in the advertisement

Disclosures (E)

(F)

(G)

(Yellow Pages exception)

Total of all payments necessary to acquire ownership

(Yellow Pages exception)

(Yellow Pages exception)

(Yellow Pages exception)

(Yellow Pages exception)

Number amts. & timing of payments possible extra charge @ lease end

Amount of lease payments & rate necessary to acquire ownership of a particular item

Total of payments necessary to acquire ownership

Early buyout formula rental purchase agreement

No equity statment

(Yellow Pages exception)

(Yellow Pages exception)

(Yellow Pages exception)

(Yellow Pages exception)

Multiple terms and rate information

New or used

ID transaction as rental-purchase agreement

No equity statment

Number amts. & timing of payments

Amount of lease payments & rate necessary to acquire ownership of a particular item

Total of payments necessary to acquire ownership

Early buyout formula rental-purchase agreement

No equity statment

(Yellow Pages exception)

(Yellow Pages exception)

requirement to make the disclosures.

Generally, the triggers involve advertising rental rates of specific merchandise. Then rental dealers must disclose the rental-purchase "cash price," often the total amount of payments necessary to acquire ownership, and an explanation that there is no equity build-up during the rental term.

Rental-purchase transactions are unique creations in the consumer marketplace and can only be appropriately regulated by, first of all, acknowledging the unique characteristics of the transaction. When called upon to answer the toughest question, whether a rental-purchase transaction finally looks more like a lease or more like a sale, at least 41 state legislative bodies have concluded that the transaction is more lease-like and they have regulated it accordingly.

This is important, because while consumer credit sales have a well-developed body of both state and federal regulation, consumer leasing has received much less legislative attention over the years, in no small part because consumer leases have played a much smaller role in the economic life of the country than have credit sales.

The penetration of consumer leasing as an acceptable means of doing business has increased somewhat in recent years, but it is hardly the predominant consumer business transaction, and it is unlikely that it will ever be. The federal Consumer Leasing Act (CLA) has been on the books since 1976 and is not a particularly restrictive piece of legislation. A few states have passed copycat statutes to the CLA, but only recently have state legislatures taken a hard look at consumer leases, mainly automobile leasing, and passed laws regulating these transactions more comprehensively than ever before.

California and New York, for example, both have consumer leasing statutes that go beyond the disclosure requirements of the CLA. Interestingly, the other aspect of consumer leasing—the hourly or daily rental of machinery, party goods, medical equipment, for example—remains completely unregulated.

In addition to the 42 rental-purchase statutes, the legislatures in North Carolina and Pennsylvania have gone the other way and declared that rental-purchase transactions are credit sales for regulatory purposes. Finally, there is Minnesota, which is properly includ-

ed among the 42 states with a specific rental-purchase law. However, the Minnesota Legislature, in a dazzling show of inconsistency, has also called rental-purchase transactions credit sales. The Minnesota Supreme Court has declared rental-purchase transactions to be both sales and leases in a decision which has delighted the coven of consumer advocates in Minneapolis and left the industry in disarray in the state.

The result of those three state laws has not been to rein the rental-purchase industry in under the restrictions of credit sale statutes. Rather, the industry has evolved beyond its traditional methodology in a variety of ways

fail to get it exactly right. A few of them are being called to task, and rental dealers are cautioned to review advertising requirements in their state on a regular basis. It is still good advice: "when in doubt, disclose."

Likewise, rental-purchase agreements. Laws get passed, and some rental dealers acquire a new rental agreement form from somewhere, maybe a lawyer or a competitor. Three years can pass before anyone thinks of reviewing the form. During those three years, words, sentences, even whole paragraphs, get dropped when the forms are reprinted. Computer programs get bugs and throw the disclosures off. Company policies and rental

The three other states all enacted legislation after the California statute was passed last summer, and while several California-type issues arose during negotiations in Arizona, the new California provisions have not appeared in other states.

Arizona did enact a debt collection section, which is rare in rental-purchase states. To date, only Minnesota, West Virginia, California and Arizona have specific collection provisions.

in an effort to respond to continuing marketplace demand.

What is remarkable about the checkerboard of state rental-purchase laws that have resulted is that they are working so well. Dealers everywhere are aware that these statutes exist, and all but a few make good-faith efforts to comply fully with their provisions. Not that compliance is perfect by any means.

Advertising disclosures get lost in the shuffle between company and advertising firm and TV station or printer. Required disclosures continue to disappear and no one quite knows why. Consumer advocates in some states have begun pouncing on a few rental companies because their advertising does not measure up.

Retail consumer credit advertising suffers similar deficiencies, and it is simply an ongoing problem in the whole world of consumer protection to get advertising to conform perfectly with all applicable laws.

There is likely less merchant malice involved than mere inadvertence and inattention to detail that causes the problems. Printers and the media generally have deadlines. In the rush to meet them, merchants occasionally

programs in the stores change. Rent clubs are added. Processing fees are dropped. Percentage early buy-outs change. And still, the form gets used every day without a second thought.

Rental agreement forms are worth reviewing from time to time, as are the state laws governing the rental-purchase transaction.

Of the four new rental-purchase statutes enacted during the past year—California, Arizona, New Mexico and Mississippi—only California broke significant new ground. The other three states tracked the CSG proposal in most regards. But the California bill added much new detail to the existing body of rental-purchase law, doing away with damage waiver fees altogether, inventing a new, unique early buy-out formula, shifting certain traditional risks of loss from the rental customer back to the rental company, adding new contract disclosures and a new disclosure format, and giving consumers brand new income interruption rights.

The new California rental-purchase statute was analyzed in some detail in the October/November 1994 issue of *Progressive Rentals*.

Continued on page 60

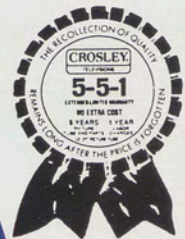
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1985
CROSLEY FIRST AGAIN
FREE EXTENDED WARRANTY
APPLIANCES



1989
CROSLEY FIRST AGAIN
FREE EXTENDED WARRANTY
ELECTRONICS



**CROSLEY
BUYING GROUP**
ABSOLUTELY NO
ENTRANCE FEES TO PAY

**CROSLEY
BUYING GROUP**
ABSOLUTELY NO
MONTHLY FEES TO PAY

---- MONTHLY MERCHANDISING PROGRAMS ----

WINDOW DECALS
TRUCK SIGNS
LIGHTED SIGNS
BANNERS
BETTER TURNOVER

CLOCK SIGNS
ENVELOPE STUFFERS
BUSINESS CARDS
PENS and PENCILS
DOOR DECALS
REDUCED OVERHEAD

PRICE TAGS
USE & CARE BOOKS
IN-STORE DISPLAYS
AD SLICKS
SALES TRAINING
DIRECT SHIP PROGRAMS

SPRING SALES FLYERS
FALL SALES FLYERS
WINDOW BANNERS
SILK BANNERS
POOL SHIP PROGRAMS

THE ONLY COMPANY THAT DOES NOT HAVE A BRAND THAT IS FOUND IN PRICE HOG STORES.
WHY SELL THE BRANDS THAT ARE BUTCHERING YOUR RIGHTS TO STAY IN BUSINESS?

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**EXCLUSIVE TWO-YEAR PARTS AND LABOR WARRANTY
AT NO ADDITIONAL COST. FOR RENTAL DEALERS ONLY.**

75 CROSLEY DISTRIBUTION CENTERS ACROSS AMERICA

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"CROSLEY ON A PRODUCT IS LIKE STERLING ON SILVER"[®]

THE ONLY FAMOUS FULL LINE OF
APPLIANCES AND ELECTRONICS UNDER ONE BRAND
NOT FOUND IN PRICE HOG - BAIT AND SWITCH STORES

FOR INDEPENDENT DEALERS • CROSLEY IS FIRST AGAIN • 1995

1938
CROSLEY FIRST AGAIN
INTRODUCED FIRST SMALL
CAR



The Crosley automobile

1922
CROSLEY FIRST AGAIN



The first low priced radio

1925
CROSLEY FIRST AGAIN
INTRODUCED
PORTABLE REFRIGERATOR
"THE KEBALL"

1940
INTRODUCED
FIRST FAX MACHINE
THE "READO"



THE "MOONBEAM"

1930
CROSLEY FIRST AGAIN

500,000 WATTS
WORLD'S
MOST POWERFUL
RADIO
TRANSMITTER



WLW's Tower at Mason, Ohio



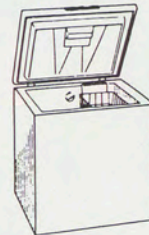
**CROSLEY
SHELVADOR REFRIGERATORS**

4 MODELS -- COMPACT
7 MODELS -- TOP MOUNT
4 MODELS -- SIDE-BY-SIDE
3 MODELS -- IDD



BIONIC RANGES

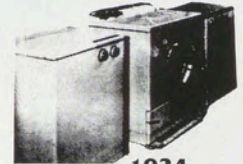
15 MODELS -- ELECTRIC
21 MODELS -- GAS
4 MODELS -- BUILT-INS



BIONIC FREEZERS

2 MODELS -- COMPACT
6 MODELS -- CHEST
7 MODELS -- UPRIGHT

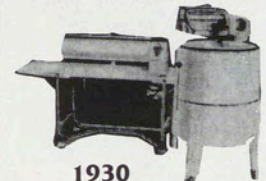
1937 - 1947
CROSLEY IS FIRST AGAIN
CROSLEY-BENDIX
INTRODUCED TO THE WORLD
THE FIRST PATENTED
AUTOMATIC HOME LAUNDRY



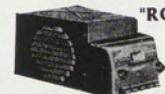
1924
CROSLEY FIRST AGAIN
PUSH BUTTON RADIO
TO RETAIL FOR \$9⁹⁹



1937
CROSLEY FIRST AGAIN
FIRST PERFECT PAIR
WASHER and IRONER



1930
CROSLEY FIRST AGAIN
INTRODUCED FIRST CAR
RADIO CALL THE
"ROAMIO"



1930
CROSLEY FIRST AGAIN
AIR CONDITIONED BED

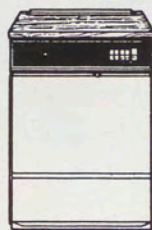


THE "KOOLREST"

1932
CROSLEY FIRST AGAIN
FIRST REFRIGERATOR TO
MAKE ICE WITHOUT
USING ELECTRICITY



THE "ICY BALL"



AUTOMATIC DISHWASHERS

5 MODELS -- UNDERCOUNTER
1 MODEL -- PORTABLE



**AUTOMATIC
HOME LAUNDRY**

3 MODELS -- WASHER
2 MODELS -- ELECTRIC DRYER
2 MODELS -- GAS DRYER

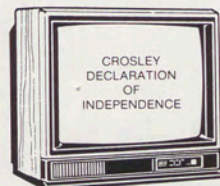
MADE
IN
USA



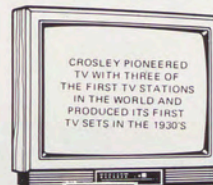
AIR CONDITIONERS 19 MODELS



MICROWAVES 6 MODELS



CROSLEY
DECLARATION
OF
INDEPENDENCE



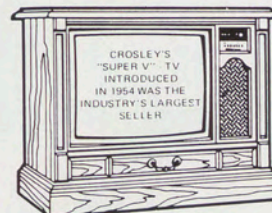
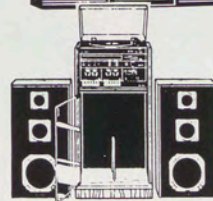
CROSLEY PIONEERED
TV WITH THREE OF
THE FIRST TV STATIONS
IN THE WORLD AND
PRODUCED ITS FIRST
TV SETS IN THE 1930'S



CROSLEY
AUTHENTIC
JEFFERSON CUP



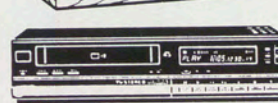
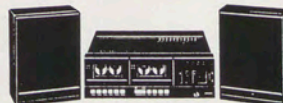
CROSLEY
FREEDOM
AWARD



CROSLEY'S
"SUPER V" TV
INTRODUCED
IN 1954 WAS THE
INDUSTRY'S LARGEST
SELLER



CROSLEY
THE
AMERICAN
BRAND



1933
PATENTED
FIRST SHELVES IN THE
REFRIGERATOR DOOR

TODAY
EVERY REFRIGERATOR
LOOKS LIKE A
CROSLEY SHELVADOR

1935
CROSLEY BUILT A RADIO
IN THE REFRIGERATOR
DOOR

CROSLEY FIRST AGAIN



1934
WHEN PRESIDENT
ROOSEVELT PUT ELEC-
TRICITY IN RURAL
AMERICA, CROSLEY
FOLLOWED THE NEW
ELECTRIC LINES WITH A
REFRIGERATOR THAT
RETAILED FOR \$99⁹⁵
INSTALLED WITH A ONE-
YEAR WARRANTY. IN
THOSE DAYS THE
CROSLEY SHELVADOR
WAS FREQUENTLY USED
FOR THE WORD
REFRIGERATOR.

See us at booth 606

Continued from page 56

The three other states all enacted legislation after the California statute was passed last summer, and while several California-type issues arose during negotiations in Arizona, the new California provisions have not appeared in other states.

Arizona did enact a debt collection section, which is rare in rental-purchase states. To date, only Minnesota, West Virginia, California and Arizona have specific rental-purchase collection provisions. However, dealers in other states are often covered by general debt collection statutes which regulate the conduct of primary debt collectors, such as people and companies attempting to collect their own debts, instead of using debt collection agencies. Nothing in the California or Arizona collection provisions should work any hardship on the ordinary and reasonable collection efforts of dealers in those states.

Anecdotal reports in from California are that the new statute there has cut revenues by 5 percent to 10 percent, mainly in the area of damage waiver fees and the grace periods on late charges. Some loss of revenue was fully

expected and agreed to by dealers in exchange for the safe harbor that the new law affords.

Beside the new statutes that were enacted, the Indiana Legislature amended its rental-purchase statute to allow larger audit fees for the Department of Financial Institutions. Nebraska amended its rental-purchase law last fall to clarify that the only "other charges" permitted in a rental-purchase agreement are those listed in the statute. Oklahoma enacted similar language a few years ago, and even without this particular language, UCCC administrators in UCCC states tend to challenge any "other charges" which have not been specifically authorized and regulated in the statute. This is an ongoing debate in South Carolina, Indiana and some other UCCC states.

Beside these amendments, no other states have changed their rental-purchase statutes during the past year, although efforts were made in Massachusetts, Minnesota, New York, Illinois and Louisiana. Some of those bills are still pending. The New York and Minnesota bills are attempts to regulate cash price. The Massachusetts and Louisiana bills are attempts to require interest rate disclosures in rental-purchase transactions. None of these bills is expected to pass.

The industry can well afford to pat itself on the back for the successes achieved in the state houses around the country over the past decade. State rental-purchase legislation, if not perfect, is working, and working well. Rental-purchase consumers are far better informed than they were just a few short years ago.

The industry has been made more competitive, market-by-market, thanks to these state laws which, in most places, have removed the cloud of legal uncertainty that has hung over the business since its inception.

It is possible, of course, that the rental-purchase concept may simply never be welcomed or even tolerated in one or two places around the country. Minnesota is one such place.

At the same time, it is unlikely in the extreme that pronouncements from the Minnesota Supreme Court or the widespread wailings from the Minneapolis Legal Aid corps will cause states to start repealing rental-purchase statutes which appear to be working so well and which are beginning to have stood the test of time.

Ed Winn is APRO's legal counsel and veteran writer on industry issues.

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Don't forget political insurance is cost of access

By RICHARD MAY

Property insurance, liability insurance, auto insurance, theft insurance, workers' compensation ... ad infinitum, ad nauseam. Insurance is an expense that rental-purchase dealers must incur to protect them from outside elements, acts of God and dire circumstances.

But what about political insurance?

Political insurance is defined as the level of access you have with your elected leaders. There are many ways to gain easier access to your elected officials which guarantee representation. It may not guarantee success but at least it guarantees access.

Political insurance comes in varying degrees. From liability to comprehensive. The first step in acquiring political insurance is the vote. Just by pulling that lever, at every election, you elevate your stature with your representatives threefold. To put it in perspective, a typical U.S. Congressman represents around 565,000 constituents. Out of those 565,000, only 200,000 actually vote.

Politics is a business just as yours. Instead of

consumer market analysis, politicians use constituent demographic analysis. They specifically target only voting constituents. They have proof of your vote because, as you probably know, when you vote you must sign and print your name showing that you voted. From that sheet of paper, politicians know specifically their voting constituents and spend the majority of their time and propaganda on that list alone.

Your vote does count, much more than you realize. But, remember, you also have employees who are constituents and thousands of customers who are constituents. As a business owner you theoretically represent not one vote but thousands since your business touches your elected leaders' constituents.

The second level of political insurance is constituent communication. A mere letter, phone call or casual contact raises your political stature five times. Continuing on the above example, out of the typical U.S. Representative's 565,000 constituents, only around 100,000 write, call or meet their congressman. Your letter, phone call or casual

meeting shows your politician that not only do you vote, but you watch their actions more than the average voter.

The third and most comprehensive level of political insurance? Personal contact represents the constituent who has had face-to-face meetings; donated time, money or resources to political campaigns; and continually maintained contact with the elected official's office through phone calls, letters, meetings and attending fund-raisers. Contributions to your industry's political action committee, or PAC, ensure a broad representation and complete your coverage.

Political insurance is not a monthly bill but a commitment to raising your level of access with elected leaders. The best time to pay your political insurance is during elections. Ways you can do this include volunteering your time and services, donating products to campaign headquarters, making financial contributions, allowing political signs in your stores, attending fund-raisers—and voting.

Richard May is APRO's assistant director of government affairs.

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The 28" width has no exposed coils at the back, so it fits better through doorways, thus minimizing damage

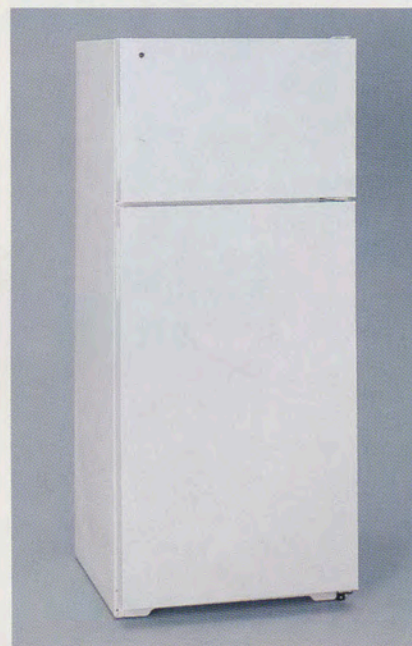
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And because it comes from GE, you rest easy with the assurance of the industry's most extensive network of factory service professionals.

For a brochure and to find out about our complete product line, programs, and distribution system, please call Bill Scarce at 800-782-8097, or Andrew Liebert at 800-782-8093.

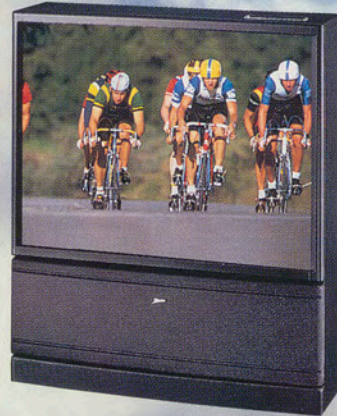


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