




PROGRESSIVE

# Rentals

THE VOICE OF THE RENTAL-PURCHASE INDUSTRY | SEPTEMBER-OCTOBER 2001



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**T**he events of September 11 were in stark contrast to the fun had by all who attended the 2001 APRO Convention and Trade Show at the Paris Resort in Las Vegas almost a month earlier. The world woke up to a new reality on that horrifying September morning and, unfortunately, the fond memories of Paris-Las Vegas had given way to very frightening images of evil and destruction.

We wanted this cover of *Progressive Rentals* to honor those who lost their lives and their loved ones that day and to unite the industry not only as rental dealers, but also simply as Americans. As APRO members, we are a family. As Americans, we are a family as well.

Due to press deadlines, there is not much news in this issue relating to the events of September 11, their aftermath or the effects of that day on our industry and on our members. In coming issues, we will do our best to bring you news of APRO members doing their part to help rebuild America, both physically and spiritually.

We at the Association headquarters wish you and your families peace and strength during this time of bewilderment.

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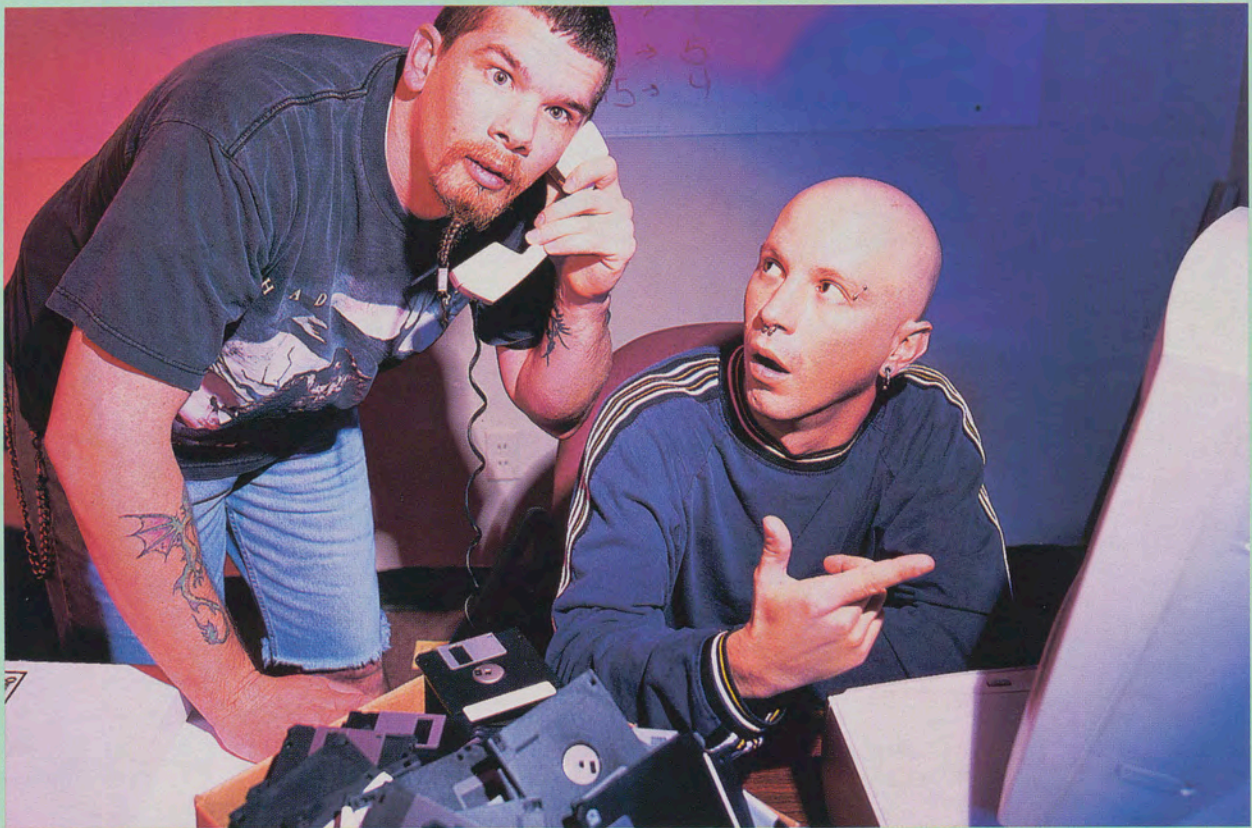
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# news

**B R E A K**

COMPILED BY  
JULIE SHERRIER

## HR 1701 prevails during initial mark-up session

**O**n September 6, a mark-up hearing on the industry-supported federal bill HR 1701 was held before the U.S. House Financial Services Subcommittee on Financial Institutions and Consumer Credit. A mark-up hearing is when members of the subcommittee may submit amendments to the bill and vote on them.

After more than 20 minutes of delay waiting for the ranking minority

member (and our chief opposition), Rep. Maxine Waters, to arrive, the Subcommittee Chairman Spencer Bachus finally called the mark-up to order. Both House Financial Services Committee Chairman Rep. Michael Oxley and Subcommittee Chairman Bachus made opening remarks favorable to passage of this bill. Rep. Waters also made opening remarks indicating that she had not been dissuaded from pushing forth an avalanche of amendments designed to derail the bill during the 30-day recess she had demanded to work out disagreements with the bill.

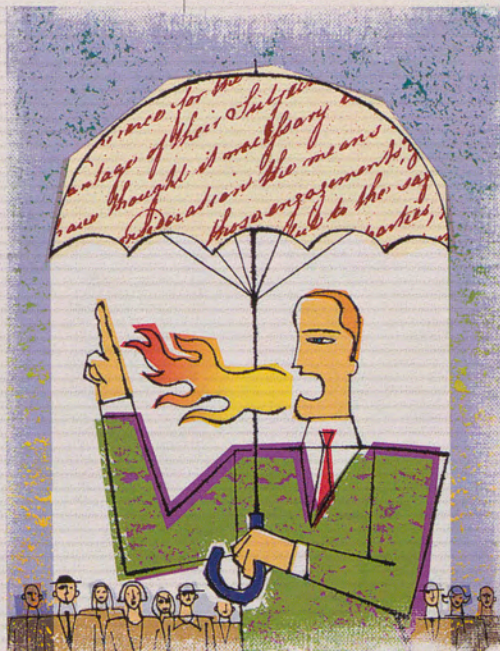
The two primary co-authors of the bill, Rep. Walter Jones and Rep. James Maloney indicated they had a complete substitute for HR 1701 that would address Waters' issues and others raised by the Federal Trade Commission and Federal Reserve Board. Instead, Waters deferred to another Democrat with amendments, Rep. Melvin Watt of North Carolina, before launching into amendments of her own.

Watt wanted to delay consideration of the legislation until an 18-month study by the Federal Trade Commission could determine the need for federal legislation. Chairman Bachus opposed the amendment with the comment that another 18 months would not likely change the federal bureaucrats' position. Bachus pointed out that the FTC had just finished a two-year study of the industry already.

Twenty members voted against and four with Watts' amendment. The industry had won the first and most important vote and apparently had the interest of a little more than half the subcommittee involved.

In all, six amendments proposed by Waters and Watt met a similar fate before the subcommittee recessed until the following week to finish the task. Most of the defense

**BY RON WATERS**



of the industry and H.R. 1701 came from the bill's co-sponsor James Maloney of Connecticut. Maloney did an excellent job of explaining the details of our transaction and kept the focus on the real issues and not extraneous ones designed to derail the bill. Rep. Max Sandlin of Texas was also knowledgeable and helpful during the mark-up process.

Rep. Waters came close to amending the bill with two amendments that seemed reasonable, but our supporters pointed out that these concerns were already addressed in the proposed bill or current law. One proposed amendment would have released consumers from any responsibility for

accidentally damaging products. The other would have barred "unfair acts" by rental companies, such as breaking into renters' homes or using violence to repossess products.

When the committee finally recessed, there were more than 15 amendments pending between Waters and Watt.

Due to the horrific attack on the U.S. on

September 11 in New York and in Washington, D.C., the mark-up of HR 1701 has been indefinitely postponed. APRO will keep its members apprised of when the meeting will resume.

## New hardware product to ease Internet access

**H**ispanics are the fastest-growing segment of Internet users coming online now and well into the future. The growth rate of Hispanic household technology penetration over the past two years is 80 percent compared to 21 percent for the overall market. "Internet use is rapidly becoming synonymous with computer availability," says Eric Newberger,

a U. S. Census Bureau analyst. The greatest barrier to computer ownership among Hispanics is "perceived expense," according to a study by Cheskin Research, while "lack of information" also ranks high.

This presents opportunities for rental dealers to initiate growth in stagnant customer bases. Removing the credit barrier to Internet access

and making the process of getting online as uncomplicated as possible makes expanding hardware rentals a reality.

One company, RTO Systems, led by rental industry veteran Barry Gambini, is seizing the opportunity to clear the hurdles and deliver this valuable market to rental dealers via an innovative, state-of-the-art, all-in-one, Windows-based

## 2001-02 Vendor Advisory Committee selected

**A**t the 2001 APRO convention the associate members met at the Exhibitor Breakfast to elect 6 new committee members. The APRO Vendor Advisory Committee serves a critical function in addressing APRO's suppliers needs and issues. The committee sets the direction and helps with many of the specifics of the convention and trade show, while providing an important link between vendors and dealers. These committee members serve a two-year term. The following members were re-elected to the committee:

- ▶ Richard Anderson, Fashion Craft Corp.
- ▶ John Blair, Jerry Bogo Co.
- ▶ Michael Gerwe, Jr., RES Marketing
- ▶ Karen Greenwald, Ther-A-Pedic International

Two new members were elected to the committee and they are:

- ▶ Tom Weirich, Central File
- ▶ Steve Lee, John Lee Co./Compaq Computer Corp.

The Vendor Advisory Committee meets three times a year—once at the conclusion of the convention, once in the fall and again in the spring. The committee met at the APRO convention and elected a new vice chairman, John Rogers of High Touch. The vice chairman also serves on the APRO board of directors, acting as a liaison between the Vendor Advisory Committee and the APRO board.

Internet Entertainment Center marketed as the iQ, available in January. A flat-rate Internet service is provided with the unit and wrapped into the customer's weekly rental rate.

Currently, 50 percent of rental stores and rental customers are outside of dial-up networks and must pay long-distance charges to access dial-up outside their area. iQ has negotiated toll-free dial-up from anywhere in the U.S. and Canada so that stores and customers can access the Internet without paying long-distance charges. By removing this expense and access barrier, the national rental customer pool is effectively doubled and more existing rental customers will seek Internet access and the hardware to support that access.

Customers take the unit home, plug in one power cord and one phone line, make one toll-free call to iQ Central and they are surfing the Internet in less than half an hour. Dealers simply rent and collect one payment in the same fashion as renting a television, but make a margin on the service as well as the unit.

"If we can help bridge the digital divide and stimulate solid, long-term growth in BOR similar to the early VCR days, my goals will be achieved," says Gambini. "It has to be simple for



Harper, fourth from left, at the White House's economic roundtable

## El Paso rental dealer touts industry in D.C.

**E**l Paso Fiesta Rent To Own owner/operator Mamie Harper was invited to the White House in July to participate in an economic roundtable discussion. Five other participants, along with Harper, represented diverse industries—from small business to large corporations.

The roundtable discussion was part of President Bush's initiative to communicate more effectively with the business sector and to explore the impact of recent economic policies. All participants were given seven minutes to talk about their industry and to voice their perspectives and concerns about the state of the economy. The other participants were Vance Coffman of Lockheed Martin Corp., Robert Kurtz of Keystone Shipping, Glenn Epstein of Intermagnetics General Corp., Thomas Acheson of Tameron Automotive Group and J. Carter Beese of Riggs Capital Partners and the former director of the Security Exchange Commission.

Topics at the roundtable included budget cuts in the areas of military defense, small business administration and transportation. Concerns about employee healthcare, trade restrictions and energy issues were also discussed at length.

"This presentation provided me with the opportunity to educate these business leaders about the rent-to-own industry," says Harper. "I presented HR 1701, The Consumer Rental Purchase Agreement Act, and asked the Administration

[CONTINUED ON PAGE 11]

## OCTOBER

10  
IRDA Illinois Rental Purchase Dealers Association membership meeting, Elmhurst, IL, 618/242-8448

18-25  
High Point Furniture Market, 336/888-3700, [www.ihfc.com](http://www.ihfc.com)

## JANUARY

8-11  
CES Las Vegas, 703/907-7600, [www.cesweb.org](http://www.cesweb.org)

18-21  
San Francisco Furniture Mart, 514/552-2311, [www.sfmart.com](http://www.sfmart.com)

## FEBRUARY

TBA  
Missouri Rental Dealers annual business meeting and seminar, 573/442-2963

21-24  
Tupelo Furniture Market, APRO Booth Lobby Hall B Mississippi Market Complex, 662/844-1473, [www.tupelomarket.com](http://www.tupelomarket.com)

## MARCH

5-6  
TRIB Group "Meeting of the Minds," Atlanta Airport Hilton, 770/451-4302

TBA  
APRO 2002 Mid-Year Conference, 800/204-2776, [www.apro-rto.com](http://www.apro-rto.com)

## JULY

22-25  
APRO 2002 Convention and Trade Show, Mandalay Bay, Las Vegas, 800/204-2776, [www.apro](http://www.apro)

## AUGUST 2003

6-9  
APRO 2003 Convention and Trade Show, John Ascuaga's Nugget, Reno, 800/204-2776, [www.apro-rto.com](http://www.apro-rto.com)

customers, simple and profitable for dealers." iQ units have been test-marketed in 80 customer homes since February with positive results.

Removing the traditional Internet access barriers of credit requirements, long-distance dial-up charges and complicated sign-up agreements makes the growing Hispanic market much more accessible. Many dealers already have Hispanic customers renting other products. Providing the no-restric-



tions Internet access is an important key to getting this market on board as hardware rental customers. Half of Hispanic adults use the Internet

and e-mail according to a survey by the Pew Internet & American Life project.

Furthermore, the online Hispanic popula-

tion grew 25 percent over a period of one year with much of the growth attributed to young people, women and those from modest income households flocking online. The Pew Internet study revealed that Hispanics are steady users with 78 percent of Hispanic users going online at least three to five times a week and 61 percent of Hispanics with Internet access are online in a typical day.

The rising number of Hispanic-oriented Internet sites in recent years and corporate America's wooing of this market reflect the growing economic power of Hispanics. There are now more than 35 million Hispanics in the United States with a purchasing power estimated at around \$500 billion. Recent U.S. census data showed the U.S. Latino population shot up nearly 60 percent over the last decade.

## RentWay hires new advertising agency

**T**o increase store traffic and customer loyalty, RentWay Inc. has selected Hitchcock Fleming & Associates, based in Akron, OH, as the company's new marketing communications agency.

RentWay is tapping HF&A for its marketing, research and creative services; media planning and buying; interactive services through the agency's Buzzwerks division; database marketing; public relations and media relations. Wall Street Investor Relations Corp. will continue to provide investor relation services to RentWay.

On October 1, HF&A launched a fully integrated, multi-media campaign that will deliver a significant increase in media exposure over RentWay's fall campaign last year.

"Our goal is to accelerate our growth efforts and to be the preferred brand in the rent-to-own industry," says RentWay Chairman and CEO Bill Morgenstern. "We believe HF&A's track record with large retail chains and their unique relationship with retail store operators make them a perfect fit for RentWay."

Previous HF&A clients include The Goodyear Tire & Rubber Co., Carter Lumber, GELcore (a subsidiary of GE Lighting), Landing, De-Icing & Specialty and Avionic systems of Goodrich Aerospace, and ICI Autocolor.

## Longtime Yazoo City dealer dies

Floyd William Griffin, owner of Griffin Rent To



Own in Yazoo City, MS, died on August 3 from cancer.

Griffin went into the furniture and appliance business in 1967 with his own store in Yazoo City. In 1981, his son Jet Griffin, talked his father into incorporating a rental operation

[HARPER FROM PAGE 9]

to consider the consumer benefits of our industry-supported bill. I quoted industry statistics on numbers of consumers involved in rental-purchase transactions and

Harper met with HUD Secretary Mel Martinez, fourth from right, during his recent visit to El Paso.



stressed the consumer protections included in the legislation.”

When asked about annual percentage rate disclosure, Harper “explained that APR is a component of debt and

because our customers do not incur debt, APR is not applicable.” Harper fielded several questions concerning the specifics of the transactions and was encouraged

Businesswoman has ear of Congress, White House



Manie Salazar-Harper, owner of Fiesta Rent-To-Own, was in Washington, D.C., last week to testify before lawmakers about rent-to-own legislation. This week, Salazar-Harper will be part of a White House advisory group.

El Pasoan pushes rent-to-own bill

By Mike Melnick

El Paso Times

In addition to running four area rent-to-own stores, Manie Salazar-Harper has spent the past two weeks offering solicited advice to economic policymakers in Washington, D.C.

Last week, Salazar-Harper urged passage of the Consumer Rental-Purchase Agreement Act during her July 12 testimony before a subcommittee of the House Financial Services Committee.

The bill offers protections to both the rent-to-own industry and its clients, she said. It also requires several notable consumer-oriented improvements and helps reduce the burden of regulatory compliance for rent-to-own businesses that operate in more than one state, she said.

This week, Salazar-Harper is back in Washington, this time to participate in a White House Business Leaders Survey Group on Wednesday with President Bush's economic adviser, Lawrence Lindsey.

She will join six other business leaders — among them Vance D. Coffman,

chairman and CEO of Lockheed Martin Corp. — in offering feedback on the Bush administration's economic policies.

Salazar-Harper, 37, owns Fiesta Rent-To-Own, 5026 Mountain, and is a partner in two Payless Rent-To-Own stores in El Paso and one in Sunland Park, N.M. She plays an active role in the industry, serving as secretary of its trade organization, the Association of Progressive Rental Organizations.

The rent-to-own business is a relatively recent phenomenon. Its customers rent household durable

goods such as electronics, furniture, appliances and computers. More than 13 million U.S. consumers have made rental-purchase agreements over the past five years, Harper-Salazar said. There are 13 furniture-rental companies with 27 outlets in El Paso.

The predominant portion of our business involves serving customers who need and want nice things for their home and family, but who may not have the cash, credit or present desire to purchase these goods and services

El Pasoan pushes rent-to-own bill

tour of the West Wing was offered. “All of the business leaders felt that the discussion had been a positive learning experience. We felt that our concerns were heard and respected. We were all proud to have been a part of President Bush's initiative to gauge how economic policy decisions impact American business,” says Harper.

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## Headlines to non-story

**T**his is a story about a story that wasn't a story. Let's try that again. Today flight 1272 from DFW arrived safely and on time into the Austin airport. That's the story? Well, maybe the fact that it arrived on time, but otherwise it's a non-story. "We don't report on 99.9 percent of the airplanes that arrive safely, just the ones that crash," a reporter once quoted us when doing a negative story about rent-to-own. Anybody who has been in this business for a while knows that phenomenon very well. And it was going to happen all over again.

The rent-to-own industry became a target for consumer advocates and liberal demagoguery when the industry-supported bill was to have an August 1 mark-up before the House Financial Institutions and Consumer Credit Subcommittee. Rep. Maxine Waters was able to postpone the hearing so she could ostensibly receive an answer to her questions from the Federal Reserve Board. Her goal was to stall deliberations on the bill for a month to stir up some media attention and, once again, to use the media to cry wolf and reveal the rent-to-own industry and its legislation as a consumer Trojan horse.

In that month's time, the APRO offices received four media calls. One was from a reporter from the *New Jersey Record*, which is understandable. New Jersey reporters have supported their families on negative RTO stories.

BY RICHARD MAY

Another call was from the *Dow Jones Online News*, which is a digital subscription business news source. The other two calls came from the *Oregon Tribune* and *USA Today*.

The Oregon news story reported about Rep. Darlene Hooley jumping into bed with corporate interests, as she is a co-sponsor of the bill, and was reported by Hooley's office as being favorable. The *New Jersey Record* story is supposedly going to press as I write this column. The *Dow Jones Online* story was quoted and used by Rep. Waters in the September 6 mark-up as one of many reasons why HR 1701 should not and must not pass. As for *USA Today*, the reporter told the APRO offices that she was pulled away from our story

to other stories and said that if she was going to resume work on our story that she would call us again.

In other words, there's no story. The most consumer advocates can gin up is a couple of stories in local media or insider media with quotes from U.S. PIRG claiming, "we are disappointed at the degree of Democratic support for this bill." My, how times have changed. The last time U.S. Representatives cried wolf, there were literally hundreds of stories nationwide on television, radio and print and now when they cry rent-to-own, there are less than 10 stories.

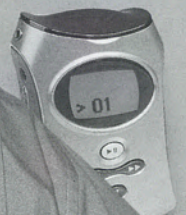
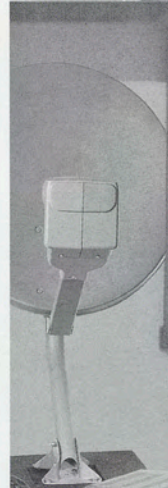
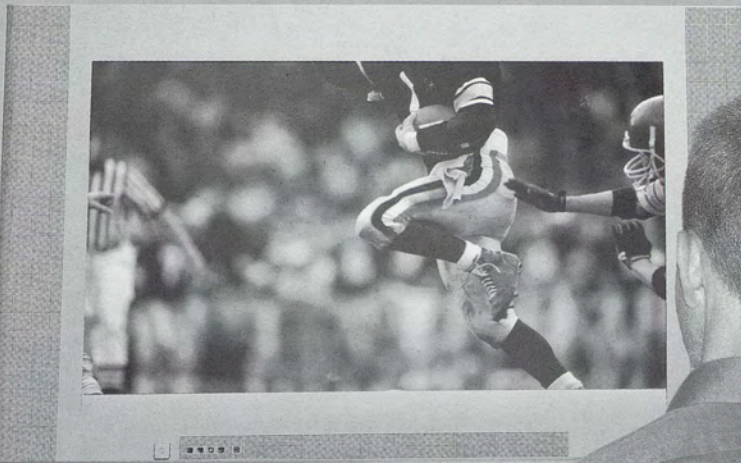
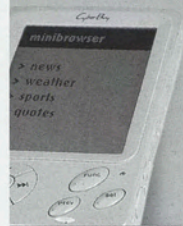
As I sit here writing, I am listening to today's [September 6] mark-up session via the Internet. I am listening to Congressman Mel Watt, although opposed to the bill, who just stated, "I am not opposed to rent-to-own. I think it serves a valuable niche in the marketplace."

Congressman Watt was an original co-sponsor of the Gonzalez bill.

In less than a decade, the rent-to-own industry, through its commitment to public relations, media relations and educating the public on the rent-to-own industry, has turned rent-to-own from "apartheid credit" to a "valuable service" and, more importantly, turned rent-to-own from headlines to a non-story. How's that for a headline?



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**NEWS BREAK**

into his retail store. For almost 10 years, the Griffins ran both retail and rental out of one store. However, in 1991, they decided to close out the retail side of the business.

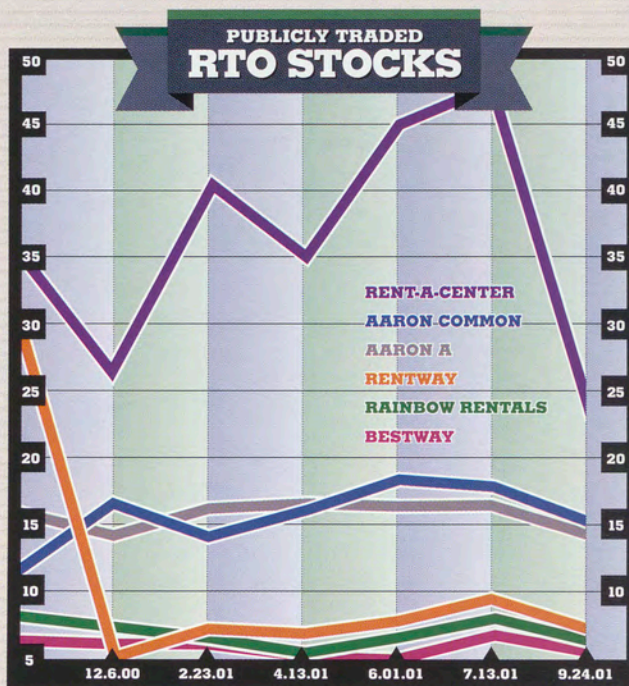
Floyd Griffin was active in the Mississippi Rental Dealers Association and, along with his sons Jet and Fredrick and Baber's Leasing's Shannon Strunk, helped to get the Mississippi state rental-purchase law passed in 1995. Both of Griffin's sons have served as president of MRDA.

Griffin's business phi-

losophy was to "treat everybody like family," says Jet Griffin. As a result, Griffin was well-loved by his employees. One of his favorite sayings to get his managers all fired up was the Ole' Miss saying, "Hoddy Toddy!"

Jet Griffin says his father was very happy to add the retail side of the business back to the store with the advent of an Internet commerce site at [www.griffinshome-sweethome.com/](http://www.griffinshome-sweethome.com/).

"We are selling world-wide," says Jet Griffin. "He was so happy that our Web site has been so



successful; we revived what he really loved." Survivors include his wife, Kathleen, sons Jet

and Scooter Griffin, daughter Cindy Griffin, brother Marion Griffin, sisters Hazel Kellough

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and Peggy Adams and six grandchildren.

## APRO member Weisbrod dies

APRO associate member Harry Weisbrod, 81, of Harry Weisbrod Associates Inc. in Dallas, TX, died September 3 from kidney cancer and heart disease. Harry Weisbrod Associates Inc. is an APRO endorsed member service, providing APRO members with wage and hour consultation services.



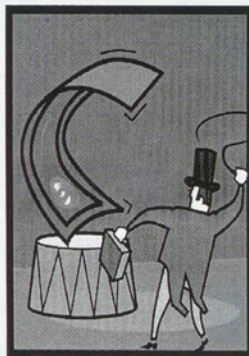
According to *The Dallas Morning News*, Weisbrod began his company in 1967 and was a consultant to numerous business and trade organizations on labor matters. Prior to forming his own company, he worked for the Internal Revenue Services and Department of Labor for more than 20 years.

Weisbrod had published several books about labor law and was certified as a labor arbitrator. He became a certified public accountant in 1955 and was recently named Dallas CPA of the Year.

Weisbrod is survived by his wife, Beatrice; his sons and their spouses, Carl and Jamie and Leslie and DJ, all of Dallas; his sister, Hadassah Weisbrod of Jerusalem, Israel; and his grandchildren, Eric, Joshua, Esther, Alexis and Max. \*

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APRO PRESIDENT GARY McDUGAL HAS DONATED HIS COLUMN SPACE TO APRO MEMBERS WISHING TO SHARE THEIR THOUGHTS ON VARIOUS INDUSTRY-RELATED ISSUES.

**A** few years back I decided to place a television spot. The results were dramatic. Foot traffic tripled, BOR and revenue increased. Now I had placed many television spots before, but what made this one different was that I placed this ad with a Spanish-language television station. That was almost 10 years ago. Today,

## Reaching Hispanics

my Hispanic customers have increased to almost 40 percent of my base.

Now I do not want you to drop everything and change your marketing strategy because Mark Peterson had success in promoting to the Hispanic population. I do, however, want you to consider the facts. During the most recent U.S. Census, Hispanics as a group surpassed African Americans as the largest minority group in the country. Yet, according to the FTC report on our industry, African Americans make up 31 percent of our customers, while Hispanics make up only 8 percent. This percentage gap is big and there is simply no reason for it. You, my fellow rental dealer, are simply not making the income you should be.

Consider the following. The Northwest has the sixteenth largest U.S. Hispanic Market. The growth has doubled in the past decade. In my primary county, more than 40 percent of the population is Hispanic. By 2004, that population is expected to be in the majority. Most new Hispanic immigrants are young and tend to have larger-than-average families. They mirror the traditional nuclear family of the 1950s because of the cultural tendency to care for older family members. More than 90 percent are of the Catholic faith. Because of their relatively recent immigration, the majority of these people do not have high incomes.

So, there is an audience of mostly young, first-generation Americans, representing the largest

minority group in the country, making lower-than-average incomes, raising larger-than-average families just waiting to be invited into your stores.

Before you target your marketing to this group, ask yourself a few questions, such as: Do I have the products that will appeal to this demographic? The plaid green sofa that Mrs. Johnson likes will not rent to Hispanics any more successfully than getting teenagers to like the music to which you listen.

Another question to ask is: What is the national origin of the largest Hispanic group in my area? Remember that Cubans are culturally much different than Mexicans. Just as you don't see many Italians eating at Sons of Norway functions.

Do you have staff that can barely understand the menu at a Mexican restaurant? Too bad, because you must have employees who speak Spanish to serve your new customers.

What are the most popular celebrations among this demographic group? Cinco De Mayo is incredibly popular to Mexicans. However, it will not excite Puerto Ricans to celebrate or shop.

It is also important to understand this: Hispanics of all ages and incomes will spend time using Spanish-language media as a cultural choice, while migrant Hispanics and new immigrants rely on Spanish media because of language issues. So plan your message accordingly.

Now you can understand why I target Hispanics with Spanish media, but I still have to choose my media buys carefully. There are three Spanish television stations, five Spanish radio stations and one Spanish newspaper in my market area. I have to compare reach, frequency and cost as with any other media buy. So there is homework for you to do. Nonetheless, anything this potentially profitable is worth a little work. ■

*Mark Peterson is owner/operator of H&H Furniture Inc., based in Yakima, WA, and an APRO board member.*

.....  
**"Hispanics of all ages and incomes will spend time using Spanish-language media as a cultural choice. So plan your message accordingly."**



**By MARK PETERSON**  
*Guest editorial*

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**H**ow often have we decried the negative image of our industry perpetrated by the media and politicians? Doesn't it make you see red when you pick up a newspaper and read those inflammatory headlines about the rent-to-own industry? You know the ones: "RTO Preys on the Poor"; "400 Percent Interest;" or "Sharks Feeding on Minnows." And what about those politicians who bolster their popularity with consumers by blasting RTO? Doesn't it make them look good to the self-proclaimed protectors of the American consumer!

# Battling ignorance

They don't know who we are or what we do. Have you ever experienced a negative reaction from friends or family when you tell them you are work in the RTO industry? It's happened to us all. They must think we hog-tie anyone who walks by our store and force them to sign a rental agreement, somehow against their will. We make them take that washer and dryer home! Wouldn't it be better if you were to send them to the Laundromat and feed quarters into those machines?

They don't know what we do or what our customers want.

"Loan sharks!"

"Take from the poor to give to the rich!"

"Apartheid credit!"

Doesn't it hurt? How can people be so judgmental? Especially since they never took the time to talk with us, visit a store or talk to any of our customers. How can we be so misjudged? Why would we mistreat our customers the way some people say we do when our livelihood depends upon treating our customers better than the way they are treated by retailers? Why would our customers be so loyal to RTO over and over again if



**By BILL KEESE**  
APRO's Executive Director

they were so mistreated?

In light of the events of September 11, it has become clear that this type of misguided preconception is widespread and can be very dangerous. Like all of us, I was horrified at the terrorist at-

tacks on the World Trade Center towers in New York and on the Pentagon in Washington, D.C. I am outraged and support President Bush in bringing these terrorists to account for their actions. I don't care how long it takes or what price we have to pay or how much we all must sacrifice.

However, I do want America to continue to be the center of righteousness and the home of the brave. I want us to always to be justified in holding our heads up high.

I am as outraged at news that Americans are turning on Americans just because they "look like they might be Middle Easterners" as I am about the absolutely horrendous attack on America on September 11. We should be condemning violent attacks on innocent people in this country and elsewhere in the world just as we condemn the terrorist attacks on New York and Washington. No one has ever said it is easy being a world power.

If our collective experience of being misunderstood in the eyes of self-proclaimed consumer advocates, headline-seeking newspapers and one-sided politicians teaches us anything, it should teach us to understand and denounce the hideousness of labeling innocent people of Middle Eastern descent as terrorists or terrorist sympathizers just because of the way they look.

My wish for our industry is the same as for my country. Be honorable and just in all we do. If we adhere to these qualities, we can't be defeated. ■

*Bill Keese's e-mail address is [bkeese@apro-rto.com](mailto:bkeese@apro-rto.com).*

**"If our collective experience of being misunderstood teaches us anything, it should teach us to denounce the hideous labeling of innocent people of Middle Eastern descent as terrorists or terrorist sympathizers just because of the way they look."**

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**“U**nusual or inconvenient times or places.” These are the words that appear in the Federal Fair Debt Collections Practices Act to control when and where debt collectors can ply their trade. The statute does not apply to the collection activities of most rental dealers who are trying to collect money on an expired rental account or recover rental property. The statute applies mainly to debt collection agencies—companies that try to collect money for others—and not to creditors, including rental companies, which are trying to collect money or property on their own behalf.

## Unusual or inconvenient times or places

The Act is a useful guide, however, for measuring how far to push a situation. And at least 21 states have debt collection statutes that do apply to primary debt collectors—i.e. rental dealers or others attempting to collect on their own behalf. These state statutes often have the same or similar language that is in the federal Act.

The Act does not define what is “unusual” or “inconvenient,” but does go on to offer the assumption that attempting to collect after 8 a.m. and before 9 p.m., during a consumer’s local time, is convenient.



By **ED WINN III**  
APRO's General Counsel

Beyond this minimal guidance, the Act relies on common sense and, finally, whether a jury will deem behavior to have been either “unusual” or “inconvenient” when applied to the “least sophisticated consumer,” the standard in the Act.

Early informal Federal Trade Commission opinions considered collecting on Sunday to be inconvenient, but with most stores and many other businesses open on Sunday these days, the FTC has more recently pronounced Sunday as a presumptively convenient time to collect.

The issue of holidays, generally, comes up

from time to time. Christmas Day morning sounds inconvenient and unusual both, but other holidays—Memorial Day or Labor Day, for example—do not excite the same emotions. Of course, it might depend on what the customer is doing. If he is barbecuing in the

backyard for the neighborhood on Labor Day, it might be considered inconvenient for him to have to stop what he is doing to deal with an account manager.

As for place, a customer’s place of employment is not inconvenient unless the customer tells the rental dealer that it is. Then the dealer must take the customer at his word, note it in the customer’s file and quit calling at work.

Some places may be *per se* inconvenient or unusual—the hospital, a funeral parlor, a church or a restaurant where the customer is eating, for example. A lot more places may be viewed as inconvenient depending on the circumstances. Rental dealers need to be ready to say to a customer, even one that the store has been hunting far and wide, “I see that I’ve come at a bad time. I’ll come back. What time [tomorrow] would be convenient for you to talk about this account with me?”

In those great games of “hide from the rental store” and “catch the skips and stolens” that are being played every day in the rental business, dealers have certain rules of conduct that they ignore at their peril. That customers have no such rules other than whatever home training they may have gotten growing up, merely makes the games that much more challenging. It does not mean that rental dealers can ignore the rules of good conduct that apply to them.

So, don’t chase customers at unusual or inconvenient times or places. If you have to ponder whether a time or a place is unusual or inconvenient, it probably is one or the other. ■

Ed Winn’s e-mail address is [edwinn@e-bylaw.com](mailto:edwinn@e-bylaw.com).

“In those great games of ‘hide from the rental store’ and ‘catch the skips and stolens’ that are being played every day in the rental business, dealers have certain rules of conduct that they ignore at their peril.”



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A hand is shown pointing to a map of Wisconsin, which is cut out of a dark blue background. The map is made of several pieces of paper, some of which are torn. The word 'WISCONSIN' is written in large, white, bold, sans-serif capital letters across the map. Below it, the word 'VETO' is written in a smaller, white, bold, sans-serif font. The background is a dark blue color with a subtle texture.

# WISCONSIN VETO

*A last-minute veto by the governor  
finds Wisconsin lacking a rental-purchase  
statute once again*



# A

nother near miss makes Wisconsin a continuing sore spot on the otherwise healthy corpus of rental-purchase statutes in the states. In Greek mythology, Sisyphus was condemned for eternity to push a great round rock slowly up a steep hill only to find at the crest some mysterious force driving the stone back down the hill, whereupon Sisyphus had to begin his ordeal anew each time. Wisconsin rental dealers are feeling a bit like Sisyphus after this summer. >>> Wisconsin dealers have been toiling with their political rental-purchase ball for nearly 20 years now. This summer they thought for a brief moment that they had finally reached the summit, when the state assembly and senate chambers both passed the state's budget bill with comprehensive rental-purchase legislation included in it. >>> After years of near misses and over the protestations of the judiciary and an attorney general rabidly anti-rental purchase, the legislative branch of Wisconsin government had finally recognized rental-purchase transactions as leases and aligned the state with its 47 sister states who had already done the same thing. >>> These near unanimous legislative votes were cause for celebration among the hearty, long-suffering band of Wisconsin rental dealers who had persevered against long odds, repeated adverse court decisions, a biased and antagonistic press and the active, belligerent opposition of an attorney general sworn to decimating the rental-purchase industry in his state. >>> Oh, but the taste of victory was going to be sweet. What more awaited the ultimate success but the governor's signature? And a Republican governor, at that, who is brand new on the job and who in the spring had assured the industry of his support. Every single time that a state legislative body had passed rental-purchase legislation, the governor had signed the bill into law. How could it be any different in Wisconsin? >>> Wisconsin rental dealers were giddy with joy and relief. The sense of accomplishment was delicious, the feeling, finally, of victory, palpable.

# SIN'S WOES

BY ED WINN III

**B**ut all of those good feelings were short-lived. In a press conference held a few days after the legislature had sent the governor the budget package, the governor began waffling on the rental-purchase issue. In response to a question about this aspect of the bill, the governor seemed surprised that rental-purchase was part of the budget package and told reporters that the industry had a heavy burden to meet in order to persuade him not to use his line-item veto power to excise all rental-purchase language from the budget bill.

The governor's turnabout opened the liberal press floodgates in Milwaukee and Madison. Editorials pleaded with the governor to veto the rental-purchase bill and protect the Wisconsin citizenry from rental-purchase predators. The vitriol spewing almost daily from Wisconsin newspapers in July and August was unfair and unbalanced:

"They [rental-purchase companies] are poverty pimps who prey on impoverished people. They cause a lot of harm," according to Milwaukee alderman, Terrance Herron. Eugene Kane, writing for the *Milwaukee Journal Sentinel* on August 4 went on, "We put labels on tobacco and alcohol so people can be informed about the danger of using the product. Seems to me, the same thing ought to apply for rent-to-own stores. Otherwise, it's no better than borrowing money from the mob." Suddenly, even though there has been no interest rate ceiling in Wisconsin since 1984 and, therefore, no usury limits, renting televisions in Wisconsin was portrayed as the equivalent of mafioso extortion.

The unrelenting hyperbole finally took its toll and in late August, Governor Scott McCallum, after hedging his bets for a month and trying to see which move would most benefit him politically in his race for re-election in November 2002, announced his intention to veto the rental-purchase bill.

Thus, were dashed once again the hopes of the dwindling number of Wisconsin rental dealers.

#### **RTO AS "CREDIT SALES"**

The industry has been involved with the legislative process in Wisconsin longer than any

other state. APRO representatives were invited to attend meetings of the ad hoc negotiating committee on the Wisconsin Consumer Act in 1982. Its supporters hailed this law in 1973 as "the most sweeping consumer credit legislation enacted in any state." It was passed during the heyday of consumer activism and based loosely on the Uniform Consumer Credit Code, which was enacted in 10 states before the movement lost steam. The WCA is comprehensive and far-reaching. It has been a thorn for banks, retailers, lessors and others who fall within its coverage.

A unique quirk in how the definition of "credit sale" reads in the WCA and the state's long history of liberal judicial activism have allowed three different state appellate courts—beginning in 1984—to conclude that rental-purchase transactions are credit sales under the WCA. Even with such a strong consumer protection statute, the state rescinded its finance charge limits in 1984.

Sellers can charge any interest rate they want, but they must disclose it. The three rental-purchase cases stand for the proposition that rental-purchase dealers can charge any amount that they want, but they must disclose an APR and they cannot attempt self-help reposessions except under the most limited of circumstances.

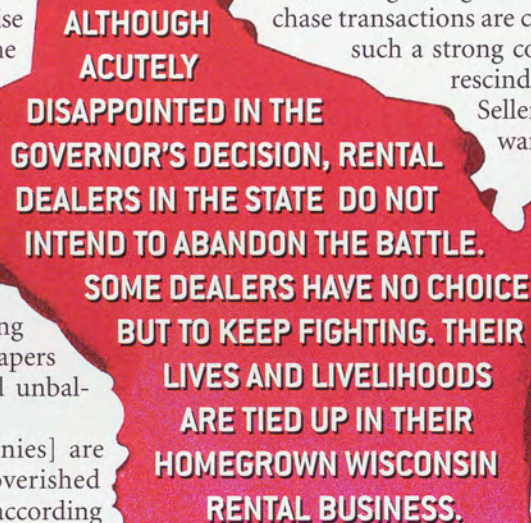
#### **DWINDLING OPTIONS**

In addition to the spate of private lawsuits, Wisconsin Attorney General Jim Doyle has attacked the industry repeatedly, securing civil penalties against rental companies and causing two mid-sized multi-store chains to leave the state altogether at a cost of hundreds of thousands of dollars. Other companies have made multi-million dollar settlements with private lawyers on behalf of the classes of customers they represent. While the remaining companies have written big checks to settle suits, they have not gotten any kind of safe harbor in which to do business in the future.

In the 1980s, mindful of early court decisions, Wisconsin rental dealers added bona fide balloon purchase options to their rental agreements, assuming that a pure rental transaction coupled with a separate sales transaction at a bona fide price could not be artificially lumped together to create a disguised credit sale. But they were wrong. That is exactly what Wisconsin State court judges did with these transactions in a pair of cases in the '90s. The last court, in a 1998 decision, effectively ruled that there was no balloon option large enough for the rental dealers to escape coverage of the WCA. If a customer rents something in Wisconsin and can ever own it, regardless of how the transaction is structured, there is a substantial risk that courts there are going to call it a credit sale.

#### **THE DAVIDS VS. GOLIATH**

Alongside this never-ending litigation, the industry has also been deeply involved in state politics, attempting at different times to amend the WCA to accommodate rental-purchase transactions or to bring Wis-



**ALTHOUGH ACUTELY DISAPPOINTED IN THE GOVERNOR'S DECISION, RENTAL DEALERS IN THE STATE DO NOT INTEND TO ABANDON THE BATTLE. SOME DEALERS HAVE NO CHOICE BUT TO KEEP FIGHTING. THEIR LIVES AND LIVELIHOODS ARE TIED UP IN THEIR HOMEGROWN WISCONSIN RENTAL BUSINESS.**

consin into the legislative mainstream with stand-alone rental-purchase legislation similar to what most other states have adopted by now.

Year after year, rental dealers—and there have never been very many in the state—have trooped to the Capitol in Madison to petition their government to redress their grievances. They have made their case over the vigorous protests of 12-year Attorney General Doyle who has made a career out of investigating and then suing rental companies and exacting painful, expensive settlements. Attorney General Doyle is now running for governor and will likely face Governor McCallum in the 2002 elections.

Each year, the industry chipped away at the legislative stonewalls that confronted them from the beginning. Each year, rental dealers would tell the rental-purchase story again and again and pick up a supporter here, another supporter there, sometimes a Republican, sometimes a Democrat. A recent supporter has been state Senator Brian Burke who is running for General Doyle's soon-to-be-vacated job as attorney general.

**W**isconsin politics has been especially volatile in recent years with first one party and then the other holding a one-seat majority in the state senate. Politics changed early this year in February when the popular, charismatic and progressive 16-year Governor Tommy Thompson resigned his post to take a cabinet position under President Bush. Governor Thompson had long been a friend of the industry and had told rental dealers that if they could get him a bill, he would sign it into law.

When Governor Thompson resigned, the then-Lieutenant Governor McCallum took office. Governor Thompson left big shoes to fill and the 2002 elections will reveal how Wisconsin voters have measured Governor McCallum's performance since last February. Critics are calling him ineffectual, noting that he has been disloyal to his conservative base, while at the same time failing to impress moderates or liberals.

That has certainly been the case with his decision on rental purchase. Attorney General Doyle has long owned the anti-rental-purchase position. Commentary after the Governor's veto announcement has given all credit to killing the bill to Attorney General Doyle and none to McCallum.

#### PICKING UP THE PIECES

Although acutely disappointed in the governor's decision, rental dealers in the state do not intend to abandon the battle. Some dealers, like the Lebakken, have no choice but to keep fighting. Their lives and their livelihoods are tied up in their homegrown Wisconsin rental business.

The Lebakken and others, in spite of the governor, the courts and the press, believe fervently in their right to carry on this business like it is being carried on in nearly every other state and they believe in the worth and value of what they offer their customers. The rental-purchase stone is one they simply must keep pushing, not matter how many times it rolls back down the hill. ■

*Ed Winn III is APRO's general counsel. His e-mail address is edwinn@e-bylaw.com.*

## Doing business in an RTO unfriendly state

**W**hen Loren Lebakken got into the rental business in 1978–79, first in Minnesota and then in Wisconsin, he had no idea that rent-to-own would become the political hot potato it is today. Minnesota passed its version of the rental-purchase statute in 1990, but Wisconsin consumer advocates continue to battle the passage of any proactive rental-purchase legislation. Lebakken and his family currently own six RTO stores in Wisconsin.

Just a few weeks ago, Lebakken says Attorney General Jim Doyle was protesting against the current legislative efforts on behalf of the industry right outside one of his stores. "He just wants free media attention because he wants to run for governor," says Lebakken. When asked by the media how many other states had rental-purchase legislation on the books, Doyle said approximately 10 states, "but he knows there are 47 states with legislation," says Lebakken. "He's just trying to get the public thinking he's doing something for the disadvantaged, but in reality, he is hurting them."

Not one to go away quietly, Lebakken says he will go screaming into the night if his businesses are threatened. "My business is a family business, which is why I think no one has really bothered me in the past—the focus has been primarily on the larger chains. We're almost all of what's left in Wisconsin; the larger chains have left" due to the hostile climate, he says.

"My integrity is unrepachable," says Lebakken. "They can't even find a traffic ticket on me. I also have four brothers who are community leaders.

"Jim Doyle has got me really mad now. I just turned 65; I've got cancer and he's liable to see a lot of me and my wife in Madison. I don't understand how a public official can stand out there and lie, saying our deals can run 200 percent to 300 percent interest. He's not talking about me."

"But what do you do?" Lebakken asks. "This has always been hanging over our heads."

BY JULIE SHERRIER

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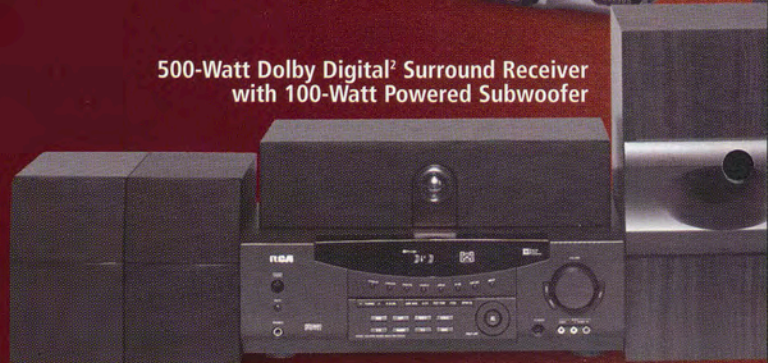


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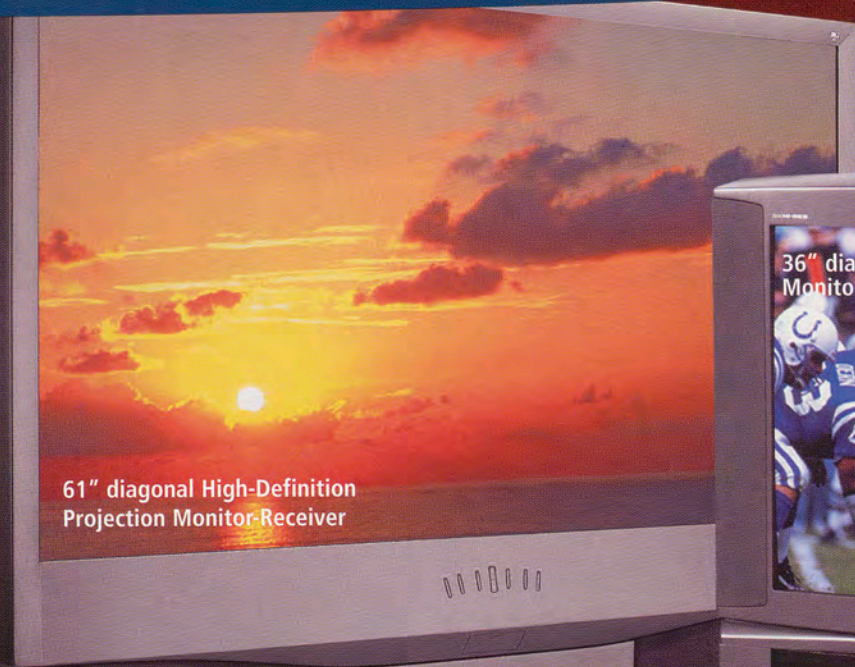
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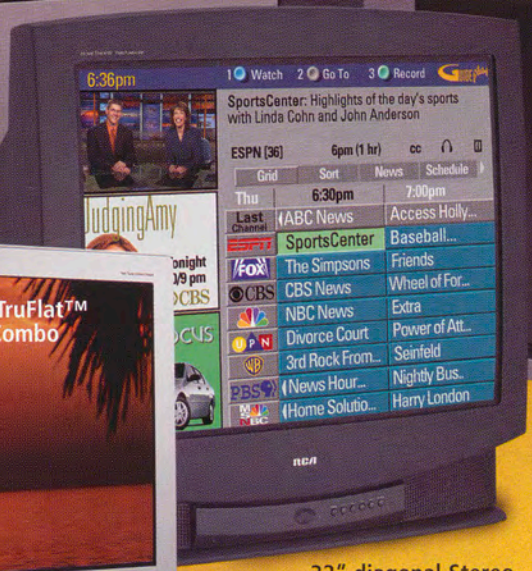
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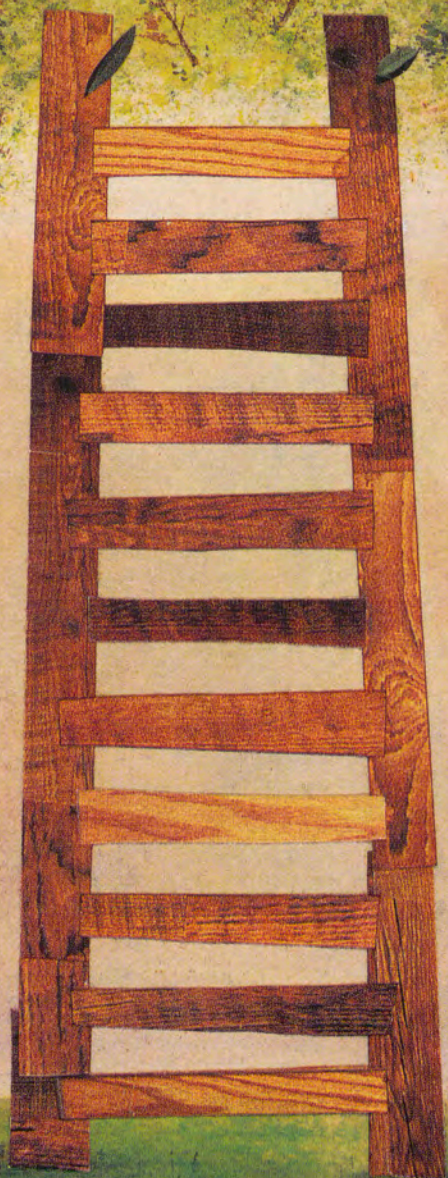
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# A BETTER PROPERTY LEASE

BY PHILLIP M. PERRY

**S**o your property lease is up for renewal. Well, polish your reading glasses and sharpen your pencils: It's time to fine-tune the fine print to get more favorable terms. Rent, after all, is one of your biggest expenses. In these times of lower expectations for revenue increases, it makes sense to fatten your profit by paring your overhead. "Many people believe that if their space needs are being met, come renewal time they should just sign on the bottom line," says Myra Maher-Martin, vice president of Joe Foster Company, a Dallas-based real estate brokerage and advisory services company operating nationwide. "Strategically, that is not in their best interests." The problem, says Martin, is that landlords often have creative ideas about modifying lease terms. "If landlords are going to try to obtain more favorable terms, tenants should do the same," says Martin.



## HERE'S SOME GOOD NEWS:

You now have more leverage for negotiating favorable terms. That's because more business property has come onto the market. With the current softening of the economy, more businesses have either closed shop or put expansion plans on hold. "National statistics show that there is a slightly higher vacancy rate in many markets," says Bob Wiesner, senior partner at The Robert Thomas Group, a Chicago-based real estate lease auditing firm. "That means rents will either stabilize or come down a bit. Furthermore, tenants will have a little more negotiating power in terms beyond base rent."

Many factors, including shocks to regional industries and commercial property overbuilding, can contribute to sudden market changes. "When the dotcoms crashed, for example, parts of San Francisco suddenly went from one of the nation's tightest property markets to one of the softest," says Maura Cochran, president of Bartram & Cochran, real estate and economic development consultants in Hartford. "Silicon Valley is vastly overbuilt."

Lesson learned: Space availability will vary by city and neighborhood. Prior to developing a lease renewal strategy, find out what's happening in your area. "You need to know if you are in a market that has become stronger or weaker," says Cochran. "Talk with real estate brokers in your town." (Many brokers, adds Cochran, publish current market analyses on their web sites.) "As a general rule, if a market has more than seven percent vacancy it is considered a tenant's market," with a requisite improvement in negotiating power.

Even if your lease has some time to run, you may want to negotiate an extension now. Given the economic storm clouds on the horizon, your landlord may jump at the chance for shelter in the form of a proven tenant. Fact is, the landlord will benefit in many ways if you continue your lease. For starters, there will be no costly unrented time while a new tenant is located, and no expensive fixing up and painting of your premises. "You don't have to wait until your lease is up for renewal," says Susan Hays, a principal with the Hartford-based law firm of Updike, Kelly and Spellacy. "If you are midway through your lease and you are happy, negotiate an extension now."

In general, be smart and negotiate early. If you wait until the last minute, your landlord may try some delaying tactics, which can eventually cause you to sign a poorly examined document when moving to new quarters is no longer an option. "Some landlords will string along tenants until they don't have time to move," warns Mark Fajack, a vice president at Cost Analysis Management Co. (CAMCO), Cincinnati. "So start a year in advance."

Many tenants get outside assistance from specialists who know leases inside and out. These may be brokers, attorneys, or specialized firms that do nothing but lease negotiations and audits (see sidebar *Getting some help*)

OK, you want to improve the terms of your lease. But there's an awful lot of fine print to go through, and you have limited time. What areas should you target? Here are 12 steps to a better deal, as suggested by our experts:

### 1 Check the terms of your renewal options

Does your lease provide for a renewal option? This is the first thing to find out. If you have already renewed your lease once, there may be

no additional automatic options left, which can pose problems.

"Sometimes people negotiate better renewal option terms," says Hays. "They may say, 'I would like a five-year lease and the option to renew for an additional two five years periods.' If they have a really good site, this is a way to lock the landlord into allowing them to stay longer."

Landlords would rather have a single 10-year lease than one 5-year one with an option to renew, points out Hays. However, they may agree to options if you will guarantee escalators in terms of rental amounts. As with any other lease negotiation detail, options are matters of give and take.

Pay attention to the time frame in the renewal option. Be aware of any demands that you notify your landlord of intent to renew before a certain number of months prior to lease expiration.

### 2 Find a "walk-away alternative" before negotiating

If you are going to negotiate from a position of strength, you need to know you can walk away from your current position because you have an alternative location to fall back on. "Few tenants take time to get a walk away alternative," says Martin. "But it's crucial." Besides leverage, there's another benefit to having an alternative location: you can visualize your negotiation as an entirely new piece of business rather than an alteration of a previous agreement. "You want to consider every critical term of your lease a negotiable item," says Martin.

One final point: Don't try to fake your walk-away alternative. You must always have a real one for it to work, or otherwise you will pull your punches during negotiations, says Martin.

### 3 Watch for unfair escalation clauses

Outside of the base rental rate, the stickiest part of a lease is the operating expense escalation clause. Sometimes called "pass through claus-

es," these call for your rent to increase according to a formula that determines your pro-rated share of the actual rises in a building's operating expenses.

Unfortunately, such clauses often include so many types of operating expenses that they result in unexpected liabilities for tenants. Many landlords view these clauses as profit centers while tenants see them as methods used by landlords to stay even. In your negotiations, attempt to eliminate expenses that relate to the risks of ownership rather than of leasing. These include marketing costs for the building, and amortization of maintenance and energy conservation and cleaning equipment. Capital improvements to the elevators and other building systems should be amortized rather than expensed directly. Also watch for landlords who manage more than one building but assess all of their overhead expenses to the tenants of one building.

Back in the days of high inflation, the escalation rate was tied to the con-

sumer price index (CPI). In those days, tenants would attempt to put a "cap" on the increases to lessen risk. While we don't see such rapid price hikes anymore, sometimes rent increases are still tied to a CPI escalator formula. "You should examine the terms that apply in your lease," says Hays. "Many leases will simply say that the rent will increase by a certain amount each year, say five percent."

Whatever the escalation terms, both sides are attempting to limit risk. If your lease calls for five percent increases during renewals, you may end up paying more or less than the going rate for similar properties, depending on what conditions are affecting your market.

#### **4 Obtain "finish allowances"**

**Y**our property has undergone some wear and tear over the years and could use a face lift. What kind of money will the landlord devote to this purpose? "The landlord will have bud-

geted some money to fix up your space in the event you decided to leave," says Martin. "How much of that money can you obtain for repainting and re-finishing?"

Says Fajack: "Try to get some repair and maintenance of your interior space, including paint and carpeting and ceiling tiles."

#### **5 Change base year to the current year**

**H**ere's another tip that relates to operating expenses. Operating expense escalation rates replicate the increases in such costs over a "base year," which is generally the year your lease began. "When you do renew, make sure the base year is adjusted to the current year, rather than to some former date," says Fajack.

#### **6 Beware a change from gross lease to net lease**

**I**n a "gross lease," the landlord bears all of the risk for repairs and main-

## GETTING SOME HELP

**C**ome lease renewal time, business owners often turn to their brokers for advice. And that can be smart, since landlords will often avoid proposing questionable terms when they know experts will be perusing the fine print. "Just the fact that you have a broker will encourage your landlord to offer a better deal," says Myra Maher-Martin, vice president of Joe Foster Company, a Dallas-based real estate brokerage and advisory services company.

Prior to deciding on a broker, ask for references in terms of current clients, suggests Martin. Then get feedback from the references. Did the broker pursue better lease terms tenaciously? Bring in a lease that was "on budget" in terms of your current needs? Complete the work on time? And how well has the broker's lease withstood the slow erosion by operating expense pass through's?

Be aware there are two types of brokers: "tenant" and "landlord." The latter represents space marketed by prop-

erty owners, so there can be a conflict of interest when it comes to lease terms. It's smarter to use a "tenant broker," who represent tenants exclusively.

You may also seek the help of a consultant who specializes in property leases. One good source of experts is the membership list of The Counselors of Real Estate (CRE), comprised of real estate, financial, legal and accounting firms who specialize in property lease negotiations. The CRE is at 430 North Michigan Ave., Chicago, IL, 60611. 312/329-8427. You can search for consultants in your region, on the web at [www.cre.org](http://www.cre.org).

Looking for more detail on the fine points of the fine print? A number of white papers on the most critical areas of property leases are posted on the web at [www.rentaudit.com](http://www.rentaudit.com), the web site of The Robert Thomas Group, a Chicago-based real estate lease auditing firm. Another good reference site is at [www.leasesmart.com](http://www.leasesmart.com), maintained by ITRA Palm Beach, a tenant representation company in Stuart, FL.

tenance. In a "net lease," the tenant pays for a portion. Know which kind of lease you have. And beware an unannounced change in the lease that can leave you liable for thousands of dollars in additional expense.

"One Michigan business signed a lease renewal that provided for a mod-

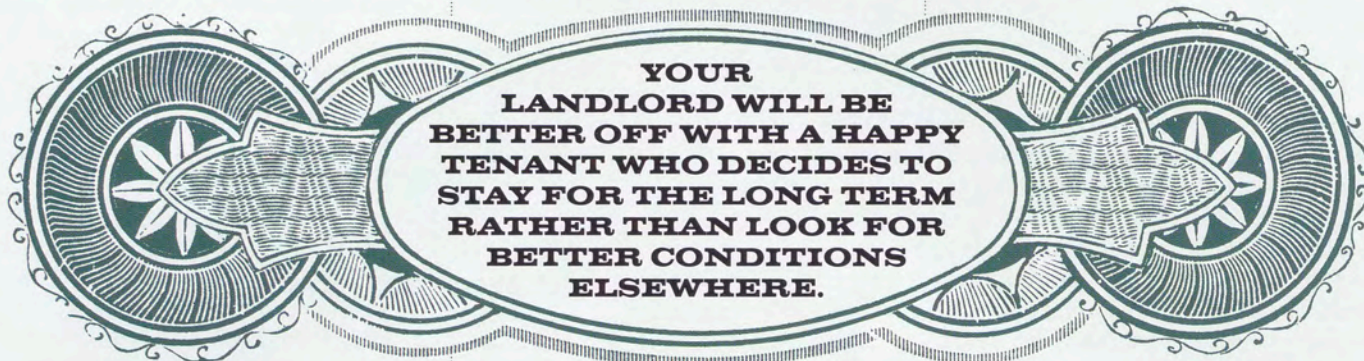
case law has developed over the years that a tenant has a right to see what they are paying for."

Wiesner advises against signing leases that are overly restrictive in terms of audit rights. "A lease may state that operating expenses must be audited within 10 days of the issuance

takenly do so, do not waive your right for reimbursement later.

### 9 Restrictive sublease clauses

**T**ry to preserve your right to sublease space without your land-



est rental increase to \$17,000 a year," says Fajack. "But the landlord didn't mention the contract was changing to a net lease. As a result, the business is paying \$5,000 more than anticipated." You can avoid similar bad news by making sure you are not switched out of a gross lease unannounced.

### 7 Assure your right to audit operating expenses

**S**o you've agreed to pay a portion of the operating expenses for your property. But how can you make sure the numbers from your landlord are accurate? Answer: Make sure your lease contains language that allows you to audit bills in a timely fashion.

You want to be able to audit these expenses, because in some cases they can add up to 30 to 40 percent of your total rent. Such expenses may include janitorial expenses, insurance, administrative costs to run the building, electricity and other utilities, real estate taxes and a host of other line items. "Given the variety of what may be included, it's important to negotiate a lease that itemizes exactly what you will be paying for," says Wiesner. "And many leases will contain explicit language that permits the tenant to audit the operating expenses. Sometimes leases are silent on the subject, and in those cases we believe enough

of a statement," he says. "We find this is impractical for most tenants." What time frame should you negotiate? "I wouldn't sign anything for under three months, and I think three years is reasonable," says Wiesner.

### 8 Don't waive your right to obtain money due

**A**s part of your renewal, you may be asked to sign an attachment to the effect that the landlord does not owe you any money. "If signed improperly, this can hurt you," warns Wiesner. "I've seen cases where landlords have owed tenants money that has been waived away."

Prior to signing, perform due diligence to make sure you are not owed anything. Some categories to watch, says Wiesner: overpayments on prior leases, tenant improvement allowances, and rebates or free rent with your previous lease. The "free rent" amounts can be easy to overlook if the specified months are staggered. For example, suppose your landlord had originally sweetened a five-year lease offer by specifying two months free of charge. At the same time, though, the landlord assured that you would stay for the long term by assigning those rent-free periods as months 36 and 37. It's up to you to make sure you do not pay for those months, or, if you mis-

lord's written consent. If your landlord insists on the right to approve sub-tenants, try to limit the time allowed to reach a decision to 30 days or so. Some leases allow the landlord 90 days to approve a sublease. In that time, the sublessor will have long since decided to rent some other space.

### 10 Beware holdover clauses

**S**uppose that you are unable to move to your new location smoothly and on time. This condition, called a "holdover," may have come about through no fault of your own. All of the moving companies, for example, could go on strike before moving day. If your lease calls for onerous payments to the landlord in such a case, your profits could be hit hard.

Some contracts go so far as to stipulate that the tenant pay double the monthly rent, as well as damages to the landlord. Suppose another tenant cannot move in on time because you have not moved out, and that as a result the tenant cancels the lease. Damages to the landlord could be deemed to be very high and you will be liable if the contract so states. Get any such clause out of the contract. Alternatively, you may be able to get the penalty reduced to 125 percent of

the monthly rent.

"Don't let the landlord get the upper hand on holdovers," says Martin. "You may be held liable for the landlord's loss of another tenant. Make sure you use a broker who is knowledgeable about the correct lease language."

## 11 Original condition clauses

Some leases contain language that requires you to leave the premises in their "original condition" when you depart. Try to get this term defined specifically so you are not penalized for normal wear and tear. And have a dollar limit placed on the value of any required restoration. Another smart move is to take some photos of the premises when you move in, so you have evidence of any pre-existing conditions that were not of your making.

## 12 Eliminate personal guarantees

Maybe when your business was young, your landlord would not offer a lease without a personal guarantee. Times have changed, now that you have proven yourself. "It's easy to forget the existence of these guarantees, and that you are now exposed for more money because the rent has gone up," says Martin. "Negotiate out the clause."

The tips in this article will help you negotiate more profitable conditions come lease renewal time. Plan ahead. Thoroughly analyze your contract, and don't sign on the bottom line until you get the best deal possible.

The net result of all this negotiation will more profit for you, since excess rent and expense payments will not erode your bottom line. Your landlord, too, will be better off with a happy tenant who decides to stay for the long term rather than look for better conditions elsewhere.

"The best lease," concludes Martin, "is win-win for everyone." ■

*Phillip M. Perry is a free-lance business writer based in New York City.*

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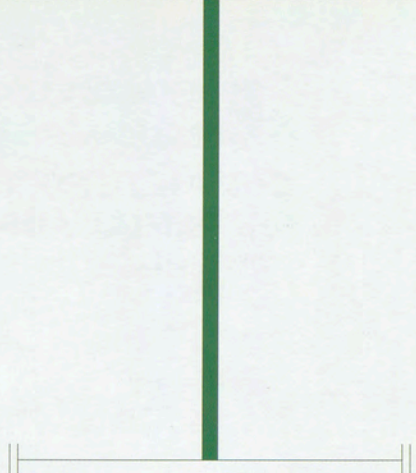
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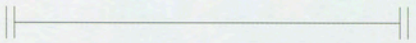
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JUST SHY OF  
HER 30TH BIRTHDAY,  
**AMY ZELLER**  
HAS SPENT THE LAST DECADE  
MAKING HER MARK IN  
THE RTO INDUSTRY

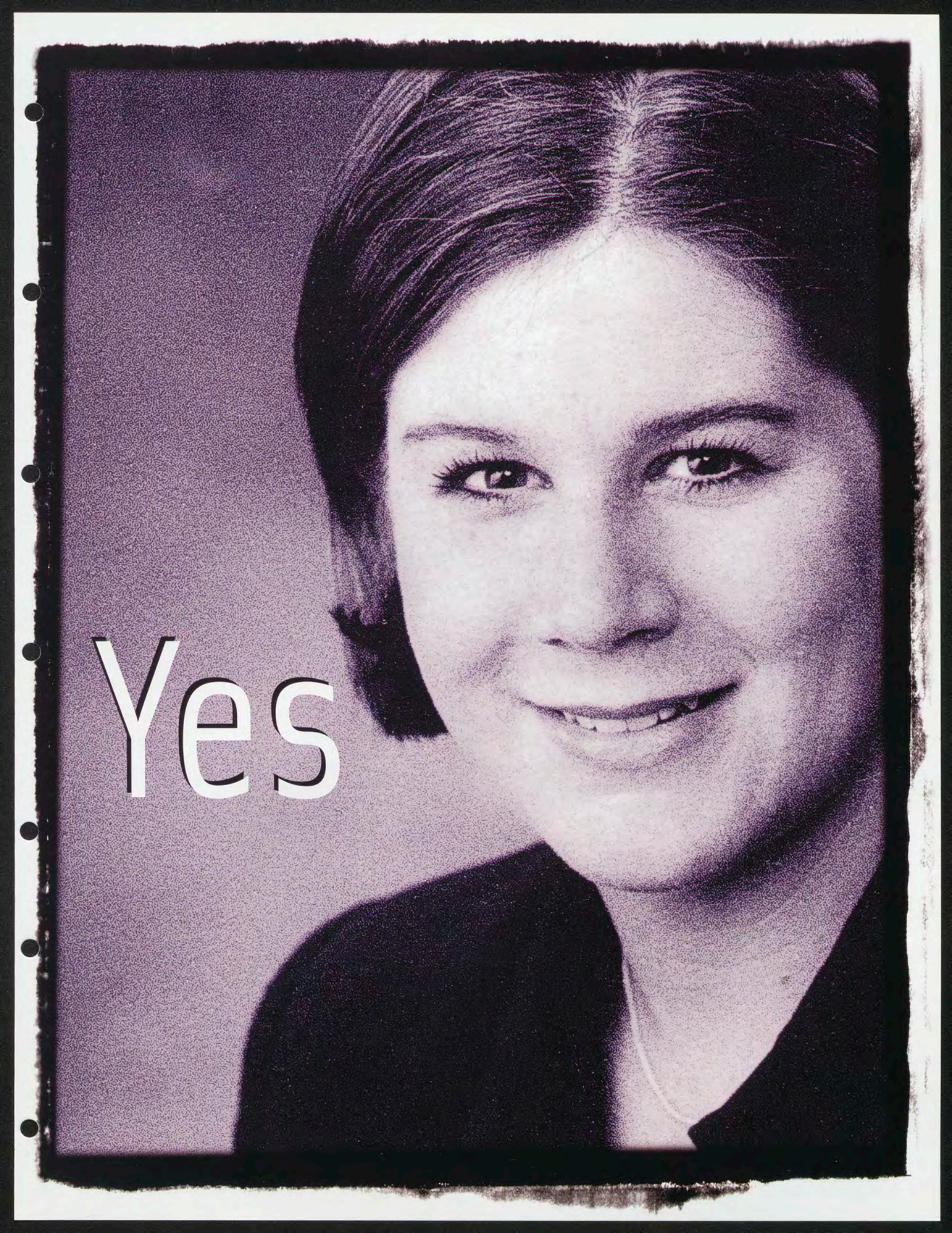


# Generation

AN APROFILE BY KATIE GARZA

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**D**o you remember what your priorities were at the tender age of 19? My guess is that, for many of you, cramming for mid-term exams and hanging out with friends continuously jostled for first place. But for Amy Zeller of Ohio-based City Rentals Inc., taking on the rental-purchase industry was priority No. 1. ★ "When I was 19 years old, I opened my first [RTO] store," says Zeller, who's now approaching her 30th birthday. "I was home on a school break, working in my parents' retail store when my mom told me that she was thinking about getting into rent-to-own. She said she wanted me to open the store and I said, 'Are you kidding me?'"



Yes

**B**ut her mother, Jane Zeller, meant business. Because her husband wasn't completely sold on the idea of rent-to-own, Jane Zeller took out a \$50,000 bank loan in her own name. With those funds, she planned to purchase the vacant storefront across the street from the family's retail store in the aptly named town of Defiance, OH. The irony was not lost on her daughter; Zeller saw her mother's offer as a challenge worth accepting.

"I remember the first rental I had—even the customer's name and what they got," Zeller says. "And the next thing I knew, I had 70 accounts in that store, then 400, and then we opened more stores and branched out." Today, as co-owner and vice president of operations at City Rentals Inc., Zeller oversees all seven stores in six Ohio cities.

"She caught on quickly how to make money," says Jane

Rentals branch locations, Jimmy Zeller also operates a scratch-and-dent appliance repair shop.

"Working in a family business is great," says Zeller, the youngest of five siblings. "It keeps us close throughout the years, which seem to go by so quickly. Out of the 365 days in a year, I'd say we usually agree on 362 of those. During the other three, we survive. It's expected that we won't always agree."

"I love working with Amy and Jimmy," says Jane, whose other son and two daughters followed careers outside the family business. "We laugh a lot and we hash things out together. And we don't discuss business outside the store. That's our rule and it works out well."

#### Looking past Defiance

Zeller's youthful face and spunky personality make it hard

"I'M STILL YOUNG AND A LITTLE BIT CRAZY,  
SO I ENJOY COMING UP WITH DIFFERENT WAYS  
TO MAKE SURE MY EMPLOYEES ARE HAVING  
FUN WHILE THEY'RE WORKING."



Zeller. "That [first RTO venture] became my No. 1 store. People loved her and I'm not just saying that because she's my daughter. I've never been sorry that I made that initial business proposition; in fact, I now depend on her quite a bit."

Rent-to-own and retail know-how seems to run in the Zeller family. Jane Zeller, her husband, Jim Sr., and her oldest son, Jimmy, co-own the Zeller Super Warehouse, which acts as the main merchandiser for all City Rentals stores. Aside from acting as the vice president of the Super Warehouse and overseeing all merchandise deliveries to City

to believe that she is a "veteran" in her industry, but after 10 years in the business, her contributions extend beyond her seven stores.

For three years, she served as the president of the Ohio Rental Dealers Association, traveling to Washington D.C. on four occasions to lobby for federal-level RTO legislation. In 1996, she helped to initiate a grassroots campaign with Ohio Attorney General Betty Montgomery to protect the rental-purchase industry's public image. Under the initiative, ORDA board members and the Attorney General worked together to resolve reported customer complaints against Ohio rental dealers before the conflicts reached the courts or the media.

On the national level, Zeller served as a speaker at last August's Association of Progressive Rental Organizations' annual convention in Las Vegas, NV. She headed a roundtable discussion that explored ways to stay on the cutting edge of the RTO industry.

"To be successful, you really have to stay on top of the new merchandise out there," says Zeller. "Take computers, for instance. If I hadn't jumped on top of computers a few years ago, I wonder if my business would be doing as well as it is." According to Zeller, computers account for approximately 8 percent to 10 percent of her business.

And, in her observation, the average rental-purchase customer has become more particular about the style and quality of the merchandise. "They want a better product and you have to provide it for them," she says.



Knowing what the customer wants and where the industry is headed are key to surviving in any market. That's why Zeller strongly supports ORDA initiatives and is actively involved on the national APRO board of directors and on several APRO committees—from public relations and membership to nominations and communications. As president of her state association, she re-introduced a yearly golf outing to facilitate fellowship and recruit new members.

"Obviously, there are new people who come into the industry all the time. It's important that everyone is on the same page," says Zeller, who continues to serve as ORDA treasurer since her term as president ended last April.

#### A personalized touch

Zeller is the first to admit that she's highly organized—maybe sometimes to a fault. "Anyone who works with me will tell you that I will not leave my desk without the right pen being in the right pen holder," she says. "And I'm big on lists. I make to-do lists daily and check off each item as I go."

Yet Zeller's mom sees her daughter's work style and initiative as one of the reasons why her employees—especially the men and those who are older—take this 29-year-old woman seriously. "Amy always has the right answers," Jane Zeller says. "People respect her because they see her out there in the stores working hard every day. She knows this



business firsthand."

Although men historically have dominated the rental-purchase industry, that dynamic isn't reflected within the City Rentals chain. Many of the store managers are female. Jane Zeller says it's no accident either. "Women are very personable and can multitask well—not that the men can't, but women are good at managing people and juggling responsibilities. Amy treats her employees as individuals. She's competitive but she gives everyone a chance."

Zeller describes her management style as creative and energetic. "I like to put a carrot in front of my employees on the weekends," she says, explaining that she'll orchestrate contests in which the store location with the least rental deliveries has to buy pizza for the one with the most deliveries. "I'm still young and a little bit crazy, so I enjoy coming up with different ways to make sure my employees are having fun while they're working," she says.

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### The bigger picture

Keeping your employees motivated and happy is a full-time job, but Zeller doesn't let that stop her from pursuing her own happiness and personal enrichment outside of work. Throughout the past 10 years, she has continued her education, attending summer business seminars through Vanderbilt and Emory universities. She also volunteers for the local animal shelter and is active with the Defiance Chamber of Commerce.

More important, by the time most of you read this article, Zeller will have tied the knot with Tyson Fankhauser, a mortgage broker. The October 6 wedding ceremony took place at the Zeller's house on Clear Lake, a place where the family often gathers to relax. It's also where the lovebirds first met.

"Although Tyson and I were both 'Clear Lakers' from diapers on and lived only 22 cottages away, we didn't meet until seven years ago," Zeller says.

Once the couple has settled down, Zeller plans to pursue yet another love in her life: aviation. She's already taken the initial steps toward obtaining her pilot's license.

"Flying is definitely a great escape from all else," she says. "It forces me to really focus on that one thing. Challenge is awesome!"

Zeller is right. Challenges are awesome. But there's much more to be said about the individuals who tackle them head on without fear.

"Sure. It was hard when I first started out in this business, but it was fun too," Zeller says. "I like trying to make a difference in the industry, both in the State of Ohio and on the national level.

"But the most important and the most fun thing about getting involved is meeting a lot of new people and fighting the good fight to keep this industry where it needs to be. Without teamwork in those organizations, we would be nowhere."

The rental-purchase business is definitely fortunate to have this product of Generation "Yes" on its side. ■

*Katie Garza is a free-lance writer.*

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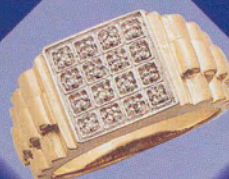
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# Paris Redux

A LOOK BACK AT THE APRO 2001  
CONVENTION AND TRADE SHOW

# APRO: Tres bien!

**A**PRO in Paris, the Association of Progressive Rental's 2001 convention and trade show, welcomed more than 950 rental dealers and vendors to the new Paris Las Vegas Resort in August. "The 2001 APRO Convention was one of the smoothest ones we have had," says APRO Education Director Shelley Martinek. "The Paris Hotel was perfect for the APRO meeting in every way. The exhibit space, the location, the rooms, the service, the food...everything was excellent."

- ☞ 2000-01 APRO President Gary McDougal was elected to serve his third term for the 2001-02 year. McDougal is only the second APRO president to have served three consecutive terms.
- ☞ There were 222 booths in the exhibit hall, representing 114 companies. "There was more traffic in the exhibit hall than at any other APRO show," says Bob Saunders of Michels & Co.
- ☞ 1982-84 APRO President Barry Gambini of RTO Systems Inc., APRO Executive Director Bill Keese, Byrd's TV's James Byrd, Ace Furniture & TV's Lyn Leach, TRIB Group's Dennis Shields and the Florida Rental Purchase Dealers Association all received "Buddy" awards for exemplary conduct and contributions to the industry during the 2001 awards banquet. (See page 48 for details.)
- ☞ *The Newlywed Game's* host Bob Eubanks kicked off the show with his keynote address. Eubanks shared his personal philosophy about success and happiness with his presentation, "The Power of Partnerships at Home and at Work."
- ☞ The 2001 Rental-Purchase Employee of the Year was awarded to Josef Warren, store manager for New Image Rent To Own in Security, CO. (See page 45 for details.)

## Keynote



Above: Keynote speaker Bob Eubanks helped open the exhibit hall festivities. Left: Al Zagorniak, who retired from Sears Contract Sales this year, was recognized at the general session for his many years of service to the rental-purchase industry.





## Exhibits



## SUPERIOR BOOTH AWARD

Tracy Lucas of High Touch Inc. was selected by Jefferson Davis to win the Superior Booth contest at the APRO Trade Show. Davis commented that the booth had great signage with the graphics clean and easy to read. The sea green color made a great visual impact. The booth was totally open, with good lighting and the product easily identified. High Touch will receive \$1,000 off its booth price for the 2002 convention being held in Las Vegas at the Mandalay Bay Resort and Casino.

## Golf



This year's winning team was Jack Park, Tim Shannon, Dan Van Sickle and Ron Wilson—and Rick Linton, left, sunk a hole in one!



## APRO'S BOARD OF DIRECTORS

The following members were elected at the convention to serve APRO during the next year:

### Executive Committee

- ▶ President: Gary McDougal, American Rentals, Hixson, TN
- ▶ First Vice President: Ron DeMoss, RentWay, Erie, PA
- ▶ Second Vice President: Gary Romine, Show-Me Rent-To-Own, Farmington, MO
- ▶ Secretary: Mamie Harper, Fiesta Rent-To-Own, El Paso, TX
- ▶ Treasurer: "Tiger" John Cleek, Cleek's Rent-To-Own, Columbia, MO

### Board of directors

- ▶ Robert Briley, Entertainment Rentals Inc., Abilene, TX
- ▶ Larry Carrico, SKC Enterprises Inc., Mt. Vernon, IL
- ▶ David P. David, Full-O-Pep Appliances Inc., Bloomington, IN
- ▶ Gary Hughes, AAA Rent To Own, Clarkston, WA
- ▶ Chris Korst, Rent-A-Center, Plano, TX
- ▶ Lyn Leach, Ace Furniture & TV, Malcolm, NE
- ▶ Mark Peterson, H&H Furniture Inc., Yakima, WA
- ▶ John Rogers, High Touch Inc., Wichita, KS
- ▶ James Strong, Easy Way Inc., Delhi, LA
- ▶ Shannon Strunk, Baber's Leasing, Pascagoula, MS
- ▶ Michael Viveiros, Rainbow Rentals Inc., Canfield, OH
- ▶ Amy Zeller, City Rentals Inc., Defiance, OH

# Soirées de Paris

*Class reunion*



*Having wild!*



## Paris nights



## 2001 RENTAL-PURCHASE EMPLOYEE OF THE YEAR & CUSTOMER OF THE YEAR

**T**his year's winners of the 2001 Rental-Purchase Customer and Employee of the Year are exceptional. They are exceptional in that they each deserve recognition for not only what they contribute to this industry, but also for their humanitarian deeds that have nothing to do with the rent-to-own. These individuals, in their selflessness and involvement, truly characterize the many different types of people who work within the industry and the wide variety of compassionate customers we serve.

Josef Warren and James and Brenda Atchison have been named the 2001 Rental-Purchase Employee and Customers of the Year, respectively.

Josef Warren is manager of the New Image Rent To Own store in Security, CO. Having only been on the job for about a year, he has charmed both his employees and store customers. "Joe really knows how to make our customer's feel right at home," says New Image Assistant Manager Mike Payne. "He's great with people—both customers and employees—and treats everyone with equal respect."

Beyond his "outstanding efforts" at work, says New Image General Manager Charles Green, Warren also gives of himself outside of work. He makes frequent visits to cancer patients, holds prayer groups for the depressed and also makes the time to visit with prison inmates. "Joe is someone we should all be proud to have working in this industry," says Green.

James and Brenda Atchison have been loyal customers of the Rent One store in Mt. Vernon, IL, since its opening in 1985. During the past 16 years, the Atchisons have used the rental-purchase option to obtain items for their home and even the homes of their grown children.

What makes the Atchisons so special is that they have helped raise eight foster children as well as four children of their own. "They never know when the local child protective services office might call to ask them to rescue another child," says Rent One's Keith Carrico. "However, when the call comes, they know Rent One will be there to deliver whatever is needed to make their house a home for a child in need."

Brenda Atchison says she uses rent-to-own because she can get what she needs today with a flexible payment plan, high quality service and merchandise. "It's that kind of service that keeps Brenda and James coming back. It's also what helps them serve their community and our country's children," says Carrico.





i n v e n t

*Our thoughts and prayers reach out to all the innocent victims, their families and friends touched by the catastrophic and tragic events of September 11, 2001.*

*God Bless America*

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Website: www.therapedic.com

# State association awards

## STATE ASSOCIATION OF THE YEAR: FLORIDA RENTAL DEALERS ASSOCIATION

Under the leadership of Terry Beville of Bi-Rite Co. in Tampa, FL, FRDA members had a watershed year. Two major accomplishments were made this past year affecting all Florida rental dealers. First, FRDA reached an out-of-court settlement with a national pawnshop company and reached a voluntary agreement with another national pawnshop for "no cost" return of pawned stolen rental property. Second, FRDA members were the proud sponsors of Senate Bill S2104 and House Bill H1587, which were passed into law, that will effectively eliminate RTO companies in Florida from being excluded from filing criminal charges when property is leased with the intent to defraud.

Criteria: Leadership structure including periodic election of officers; continuity of organizational structure; annual or regularly scheduled meetings; sustained membership support over time; and sustained legislative and/or educational performance.

## MOST IMPROVED STATE ASSOCIATION OF THE YEAR: COLORADO RENTAL DEALERS ASSOCIATION

Criteria: Most improved status goes to an already existing state association that has shown dramatic increase in activity or higher profile since the previous year's convention. The award is based more on organizational activity than legislative, although both criteria may be considered.

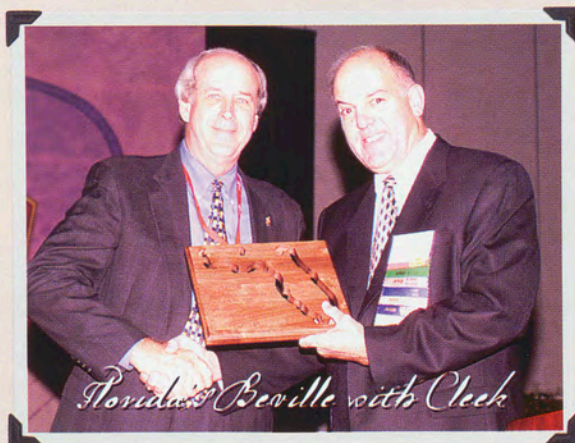
## FIREFIGHTER OF THE YEAR: NEBRASKA RENTAL DEALERS ASSOCIATION

Criteria: Awarded on the basis of a state that has accomplished significant progress in stopping or slowing legislation within that state that is detrimental to the industry.

## CONTINUED EXCELLENCE

- ☛ Arkansas Rental Dealers Association
- ☛ Indiana Rental Dealers Association
- ☛ Missouri Rental Dealers Association
- ☛ Ohio Rental Rentals Association
- ☛ Texas Association of Rental Agencies

Criteria: This award goes to an association that has demonstrated a continuous high level of activity over a period of years.



*Florida's Beville with Cleek*



*Waters with Colorado's Preen*



*Nebraska's Leach with Cleek*

## CORRECTION

The phone numbers for Continental Jewelry Express were incorrect in the 2001 Show Guide. The correct numbers are 800/282-5182; 813/286-8004; fax 800/228-8014.

# 2001 Buddy Award winners

The APRO "Buddy" awards are presented every year to those outstanding individuals and organizations that have raised the level of what can be done to better the industry for everyone. At the annual APRO awards banquet, held August 9 during the 2001 APRO Convention and Trade Show in Las Vegas, the recipients of the Lifetime Achievement Award, the President's Award of Excellence, the Rental Dealer of the Year, the State Association of the Year and the Norm Smith Vendor of the Year were named. Here are this year's winners:

## APRO LIFETIME ACHIEVEMENT AWARD: BARRY GAMBINI

Every so often, APRO recognizes achievers whose contributions to the industry span a lifetime. This year, APRO presented its Lifetime Achievement Award to Barry Gambini of RTO Systems Inc. and who is considered by many to be one of the innovators of the rent-to-own concept.

At the same time that Chuck Sims, Willy Talley, Ernie Talley, Tom Devlin, Bud Holladay and others were developing the rent-to-own concept in the Midwest and the East, Barry Gambini was setting the pace in California. It was the mid-1960s Gambini took some used Laundromat washers in on trade and he began renting these lovely turquoise machine out by the week to migrant farm workers and others in the San Joachim Valley. He installed them on the back porch, kept them working and went by every week to empty the change box. He split the quarters with his rental customers and one-half of the quarters equaled the rental payment for the week, however much that was. If you rented long enough, you got the key to the change box.

When Gambini saw that appliance rentals were working, he started RTO Inc. He opened showrooms and over



a 10-year span, he expanded his new rental company into a 30-store chain with a fledgling franchise program on the side.

Most important, however, Gambini made numerous contributions to the Association and the industry when both were just getting started in the 1980s. He served as the second APRO president from 1982-84 and chairman of the board. He spent tens of thousands of dollars out of his own pocket each year doing Association business. He went around the country and offered seminars in which he shared the profit-and-loss statements of his own stores. These seminars were homespun, but a lot of dealers learned the basics of the business from Gambini.

Gambini sold his stores in 1985 and is currently embarking on launching the iQ, a Windows-based Internet entertainment center, for

rental customers who want to access the Internet, use e-mail, word processing, instant messaging and more. He hopes the iQ will become an important arch in bridging the digital divide.

## PRESIDENT'S AWARD OF EXCELLENCE: BILL KEESE

One of the highest honors an APRO member can achieve is the President's

Award of Excellence. This is presented to the person who exemplifies the best of the industry through operations, involvement and support of industry goals. This award can go to anyone who represents what the industry strives to be as a whole. Bill Keese, APRO Executive Director in Austin, TX, was presented the 2001 President's Award of Excellence.

Keese came to APRO in 1988 when the Association had nearly despaired of finding an executive to drive it forward to the next level. Over the past 13 years, he has succeeded in raising the image of APRO and the industry to respected national prominence and more.

During his tenure, Keese managed the passage of 47 state rental-purchase laws, witnessed a \$2 billion growth of a fledgling industry and turned a financially strapped association into a million-dollar surplus organi-





zation. He also coordinated the donation of more than \$1 million worth of product, time and money to Habitat For Humanity International on behalf of the industry.

APRO has won eight regional awards and 21 national awards, including best trade association magazine in the nation to first-place television commercial production by a trade association.

Keese has represented the industry before the public and the media, including the U.S. Congress, CBS, NBC and *ABC Nightly News* and *The Wall Street Journal*. Keese's biggest achievement was defeating a federal bill designed to hinder the industry sponsored by former Banking Committee Chairman Henry B. Gonzales in 1994.

Keese is only the second only non-rental dealer ever to be awarded the President's Award in its 21-year history.

#### RENTAL DEALERS OF THE YEAR: JAMES BYRD AND LYN LEACH

The APRO Rental Dealer of the Year was awarded to two rental dealers this year: James Byrd of Byrd's TV in Florence, SC, and Lyn Leach of Ace Furniture & TV in Malcolm, NE.

Byrd is recognized for his involvement in his community, his long-standing and successful rental-purchase business and for representing the rent-to-own industry by testifying before the United States House of Representatives during a congressional

hearing on rental-purchase federal legislation earlier this summer.

"James and his rent-to-own business embody the family-owned and small business spirit that built this industry. He represents the great history as well as the future of rent-to-own. We are honored that James is a part of our industry," says Gary McDougal, APRO president.

Leach was recognized for his leadership in representing rental-purchase businesses in Nebraska before members of Congress and the Nebraska State Legislature. Leach currently serves on the national APRO board of directors where he helps steer national policy decisions, chairs the industry's political action committee and ethics committee.

"Lyn has raised the bar for dealers throughout the world. His energy and enthusiasm are unmatched. We are honored that Lyn is a part of the rent-to-own industry," says APRO President Gary McDougal.

Leach's involvement in 2001 helped the rent-to-own industry secure a public hearing before the U.S. Congress regarding federal legislation affecting the rent-to-own business earlier this summer.

Leach, a second-generation rental dealer, owns and operates five Ace Rent-To-Own stores throughout Nebraska.

Both James Byrd and Lyn Leach join an elite group of rent-to-own owners/operators who have dedicated their time and energy to promote superior customer relations and industry involvement and who serve as positive role models for rental dealers across America.

#### NORM SMITH VENDOR OF THE YEAR: DENNIS SHIELDS

The Norm Smith Vendor of the Year award is presented to an outstanding associate member who has supported the Association and its activities. This year, Dennis Shields, executive director of The Rental Industry Buying Group, received this award.

Shields has been in the rent-to-own industry for more than 15 years, but only recently as a vendor. In his brief tenure in his current position, he has represented himself, his organization and the rent-to-own industry with

remarkable enthusiasm and grace.

It seems he is everywhere where rental dealers meet—at APRO's Habitat for Humanity build in Austin, TX, at state association meetings across the country and just about any conference on the industry you can think of.



Shields is a big supporter of APRO's rental training online program and has helped raise the funds to implement this new and exciting technological endeavor.

He works tirelessly to unite the rent-to-own business and to make sure everyone works for the betterment of the industry.

"Dennis' dedication to our industry is exemplary," says APRO President Gary McDougal. ■



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# Computers

The following list of computer suppliers cater to the rental-purchase industry. All are either APRO associate members (\*), advertisers (+) in APRO publications or APRO convention exhibitors (^).

**Alliance Computing Technologies Inc. \*^+**

Contact: John P. Foster  
3105 W. Waters Ave., Ste. 215  
Tampa, FL 33614  
813/936-0165, ext. 312;  
fax 813/209-0184

**BDI-Laguna \*^+**

Contact: Jay Nardone  
3655 Atlanta Industrial Dr., Ste. 100  
Atlanta, GA 30331  
404/696-9996, ext. 137;  
fax 404/696-4870

**Commonwealth Distributors Inc. \*^**

Contact: Guy Regalado  
8400 N.W. 25th St., Ste. 500  
Miami, FL 33122-1503  
305/436-0000; fax 305/436-0010

**Compaq Computer Corp. \*^+**

Contact: Steve Lee  
350 Wilson Pike Circle, Ste. 200  
Brentwood, TN 37027  
615/377-8010; fax 615/377-8040

**High Touch Inc. \*^+**

Contact: John Rogers  
2020 N. Amidon St.  
Wichita, KS 67203  
316/832-1611; fax 316/831-5555

**Ideal Software Systems Inc. \*^+**

Contact: Bill Pittman  
905 22nd Ave., P.O. Box 110  
Meridian, MS 39302  
601/693-1673, ext. 156;  
fax 601/693-2302

**Pomeroy Computer Resources ^**

Contact: Jeff Hayes  
2207 River Rd.  
Louisville, KY 40206-1009  
502/893-2800, ext. 7144;  
fax 502/893-0747

**RTO PRO Software \*^+**

Contact: Ron Ganus  
5026 Gall Blvd.  
Zephyrhills, FL 33541  
813/782-6299; fax 813/788-1711

**RTO Plus for Windows \*^+**

Contact: Bob Yarbrough  
1240 Maxwell St.  
Salisbury, NC 28144  
704/636-2528; fax 704/642-0901

**RTO Systems Inc./**

**iQ Entertainment Center \***

Contact: Barry Gambini  
145 S. D St.  
Exeter, CA 93221  
866/594-4964

**Rental & Sales Software Systems \*^+**

Contact: Ellison Crider  
457 Robert Dr.  
Corpus Christi, TX 78412-2454  
361/993-1790, ext. 4;  
fax 361/993-1731

**Rental Information Systems Inc. \*^+**

Contact: Larry Burns  
P.O. Box 1165, 834 Jeanette  
Magnolia, AR 71754-1165  
800/863-7394; fax 870/234-3797



**STATEMENT OF OWNERSHIP, MANAGEMENT AND CIRCULATION**

Title of publication: Progressive Rentals. Publication number 8750-6106. Date of filing: 9/28/01. Frequency of issue: bimonthly: 6. Annual subscription price: \$30. Complete mailing address of known office of publication: 1504 Robin Hood Trail, Austin, Texas, 78703-2624. Contact person: Laurie Hill. Telephone: 512/794-0095. Full names and complete mailing addresses of publisher and owner: Bill Keese, Association of Progressive Rental Organizations, 1504 Robin Hood Trail, Austin, Texas, 78703-2624. Known bondholders, mortgagees and other security holders: none. Tax status has not changed during preceding 12 months. Publication title: Progressive Rentals. Issue date for circulation date below: July-August 2001. Extent and nature of circulation (average no. of copies each issue during preceding 12 months and to actual no. nearest to filing date, respectively): total no. of copies 6785, 5700; paid/requested outside-county mail subscriptions: 5137, 5040; paid in-county subscriptions: 0, 0; sales through dealers and carriers, street vendors, counter sales, and other non-USPS paid distribution: 0, 0; other classes mailed through the USPS: 0, 0; total paid and/or requested circulation: 5137, 5040; free distribution by mail outside-county: 1076, 101; free distribution by mail in-county: 0, 0; free distribution by mail other classes mailed through the USPS: 103, 70; free distribution outside the mail: 64, 200; total free distribution: 1243, 371; total distribution: 6380, 5411; copies not distributed: 405, 289; total: 6785, 5700; percent paid and/or requested circulation: 80.5%, 93%. Signed, Bill Keese, publisher.

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# STATE ASSOCIATIONS



Progressive Rentals is profiling each state rental dealers association. Without these organizations and grassroots activities on the state level, the industry would not be as successful as it is today. You may find ideas here that can be applied to your state association. We want to hear from you. Contact Julie Sherrier at APRO at 800/204-2776 or e-mail [jsherrier@apro-rto.com/](mailto:jsherrier@apro-rto.com/).

Texas Association of Rental Agencies (TARA)  
P.O. Box 1629  
Lake Dallas, TX 75065-1629  
940/497-1150; fax 940/497-1151  
Executive Director: Lynn Clark  
Web site: [www.taramembers.org](http://www.taramembers.org)

The Texas Association of Rental Agencies was not only one of the first state rental dealer groups to form back in 1983 (Connecticut was the first), it was also formed independently of APRO. Some of the original TARA members were small, mom-and-pop dealers who were a mixture of finance company and rental businesses. They were fearful that APRO represented only the interests of the larger rental-purchase chains, says Ed Winn, APRO general counsel.

Led by Ed Fletcher, the group's first president, TARA and APRO lobbied independently for a state RTO law in Austin, and when the law was passed in 1985, both groups realized that they were on the same team.

TARA founding members include Ed Fletcher, Bill Bixell, Milton McNeely and Troy Allen. Texas, Alabama, Georgia and South Carolina were the first states to pass the RTO consumer protection laws in 1985.

One of the few state rental dealer associations to hire an executive director, Lynn Clark has faithfully served TARA members since 1994. Clark had worked for Clyde and Beca DeLoach at Rent City from 1990-95. Clark has been instrumental in keeping communication lines open and moving forward.

TARA and its members are a dedicated and enthusiastic group of rental dealers who have garnered a handful of awards over the years. TARA was named APRO State Association of the Year in 1992 and 2000 and also received the 2001 APRO State Association Continued Excellence Award in 2001. Texas rental dealer and current TARA President Mamie Harper was named APRO Dealer of the Year in 1993 and testified on behalf of the industry before Congress this summer in support of HR 1701, the industry-supported federal bill. In 1998, TARA member Bill White (and former APRO president)

received the APRO Lifetime Achievement Award. Just this year, TARA held its first state legislative conference with 23 attendees. The purpose of the conference is to keep the goodwill flowing and maintain visibility with state representatives.

TARA members meet seven times a year. There is an annual convention and tradeshow, two training seminars, three board meetings and one long-range planning meeting for the executive board. The TARA annual convention this year boasted 150 attendees and a 62-booth trade show. TARA also added five new member companies and 12 new associate members in 2001.

A big supporter of Habitat for Humanity International, TARA members donated approximately \$15,000 worth of appliances for the HH build in Houston and several TARA members participated in the HH build in Austin, TX, last year. "All TARA members are encouraged to donate to charities in their local community," says Clark.

Communication is key to the cohesiveness among TARA members. The state association established a presence on the World Wide Web several years ago and sends a faxed newsletter to all regular members once a month. In addition, Clark sends out a printed newsletter to the entire membership twice a year.

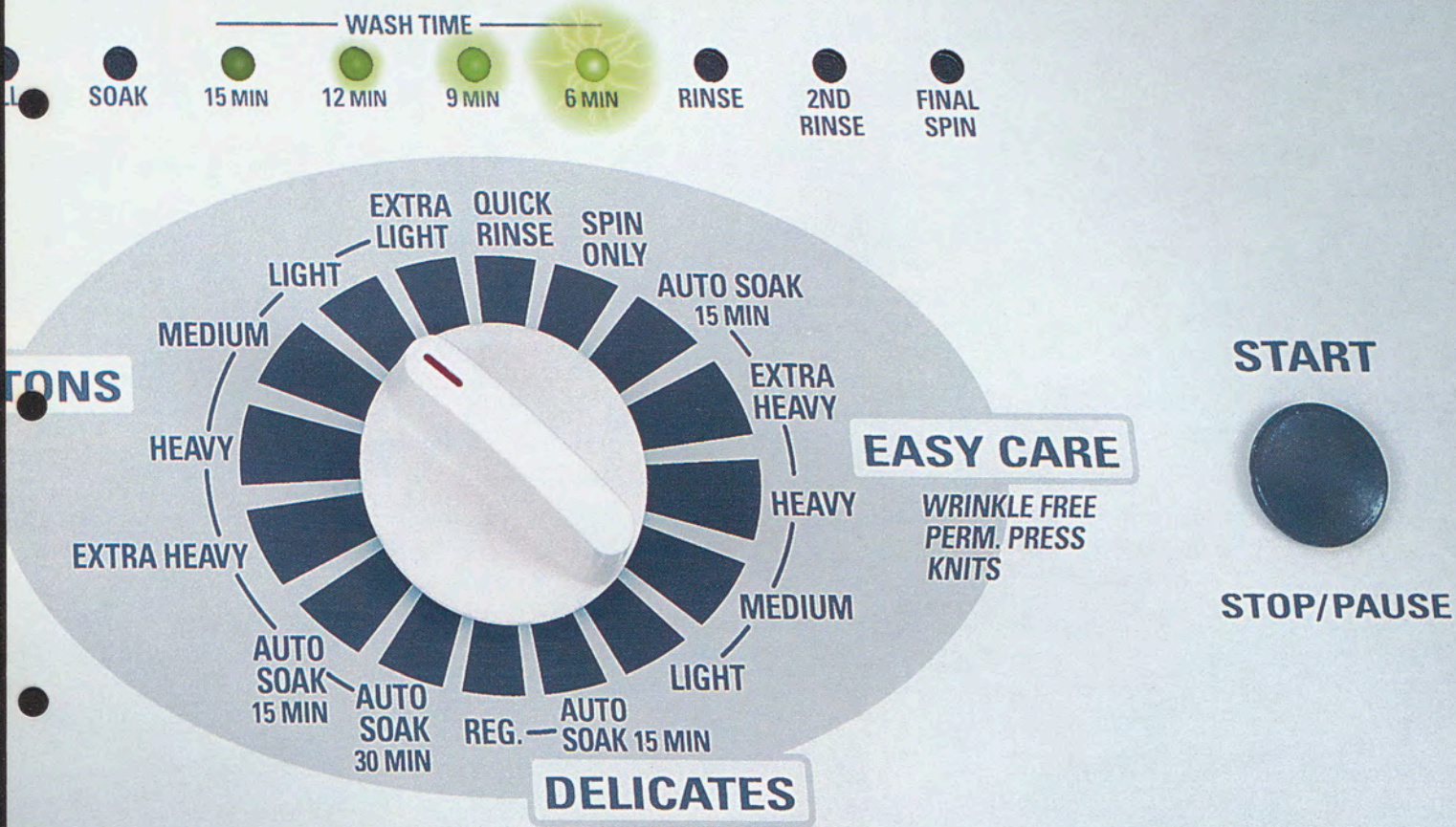
For more information on TARA programs or to find out how to join, contact Lynn Clark at TARA at [lynn@taramembers.com](mailto:lynn@taramembers.com) or call 940/497-1150.

## STATS:

2000-01 TARA Board of Directors:  
Chairman: Robert Briley, Rent City, Abilene, TX  
President: Mamie Harper, Fiesta Rent-To-Own, El Paso, TX  
Vice President: Kelly Sayre, Alliance Rental Centers, Denton, TX  
Secretary: Danny Wilbanks, America Rents, Austin, TX

Number of regular members: 60  
Number of associate members: 75  
State RTO law passed: 1985

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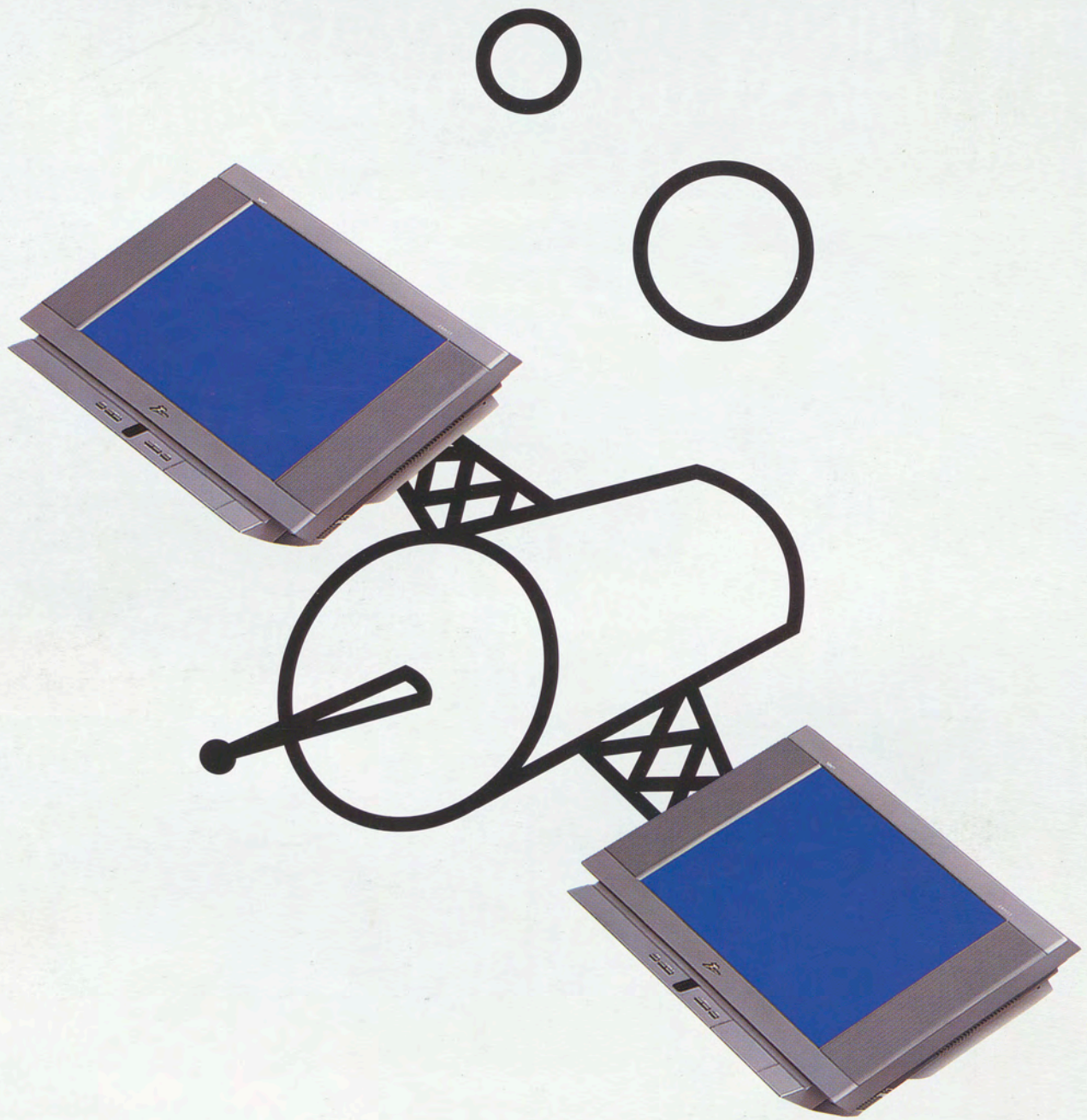
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