

PROGRESSIVE

Rentals

THE VOICE OF THE RENTAL-PURCHASE INDUSTRY | APRIL-MAY 2006

APRO
launches
RTOHQ
on the
Web



Decisions, decisions, decisions

With a negative ruling in New Jersey and a veto in Wisconsin, March was harsh for the rent-to-own industry. Will these outcomes affect your business?



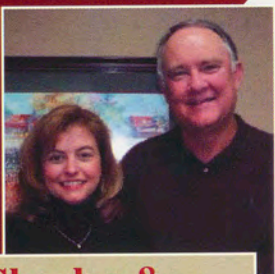
APRO's meetings
on Capitol Hill

An APROfile of Gloria
Homeier-Schwien

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You are an experienced multi-unit manager and you know RTO. Now you want to put that knowledge to work for yourself—but how? Take your career to the next level with the backing of an experienced player in the RTO industry. ColorTyme has a network of over 80 independent franchise owners and an experienced corporate staff to help you grow your business the right way. In 2005 ColorTyme had 4 Independent Rent To Own dealers convert their store to a ColorTyme Franchise. More than 70 RTO professionals all over the U.S. have made the move to ColorTyme. Will you be next?

As former accountants, my wife Holley and I know a good deal when we see one. In 1991, we left thriving accounting practices to begin again in RTO. And what began as a casual conversation with a friend at a fish fry grew to eight independent RTO stores in five years.



**Charles &
Holley Hobbs**

By 2004, things changed for our company. We required

more inventory to keep up with our customers' needs and wanted the support of a national ad campaign and brand name to compete in the competitive RTO climate.

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Owning your own business has never been easier.



Bruce Emory

In my 20 years in RTO I have learned that finding the right company and people that believe in you is as important as determination and hard work.

My career in RTO started in 1986, by way of a temporary job when I was just 20 years old. Dedication to my work lead to quick success and opportunity. But in 1992, when I approached my company to become a franchisee, the door of opportunity closed – I wasn't taken seriously.

So I did it on my own, with the help of my family, and built a solid business over the next 10 years. For a time, we had eight stores but were limited financially – unable to carry the big ticket items my customers wanted. In the summer of 2005, I decided to streamline the business down to our top three performing stores and in November of 2005, converted to ColorTyme.

Now we have access to Rent-A-Center's financial power and product pricing and ColorTyme's training programs – which are some of the most intensive in the industry. We have seen a dramatic turn in our stores and staff and can plan for significant growth which used to be beyond our reach.

Sales are up 5.3% and revenue is up over 10% since the conversion. Equally as important, we have the continued, hands-on support from Bob Bloom, Pat Sumner and all the folks at ColorTyme who made the transition easy and the inventory available for our customers.

People, financing, product and training – four reasons I know I have found the right company – for myself, my family and my team.

Bruce Emory, Franchisee

Like so many of us in the RTO industry, I've been in this business a long time – working in many roles with several companies since 1988. I guess you could say that



Joe Huck

RTO is in my blood. I love what I do—I love our customers and always wanted to have my own store. So in 2002, I opened up Big House Rentals and watched our independent store grow. By October 2005, I needed more inventory but didn't have near enough capital to get the job done.

I considered several franchises, but ultimately was drawn to ColorTyme for their 100 percent inventory financing program – including a nice discount on my franchise fee based on my RTO experience. Almost overnight, I had access to the inventory I needed and complete support from the ColorTyme team.

Today, my business is thriving! I count my decision to convert my store to ColorTyme as one of the best choices I've made. And while change is good, some things have changed very little. I still run my store like a family business and I intend to keep it that way.

Joe Huck, Franchisee

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PROGRESSIVE

Rentals



APRIL-MAY 2006

26 | OF LAWSUITS AND LEGISLATION

March was a disappointing month for rent-to-own as the industry was hit with New Jersey's Supreme Court ruling against RTO and the veto of significant RTO legislation in Wisconsin. APRO's general counsel explains what these state actions might mean to the industry at large and presents a silver lining in the midst of the perfect storm.

BY ED WINN III

32 | APRO LAUNCHES RTOHQ

It's more than just a facelift—APRO's new home on the Web offers its members quality information in a timely and responsible manner. Take a look at the new RTO Headquarters.

BY SHELLIE FAUGHT

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Nearly 50 APRO members and rental dealers visited Capitol Hill during the 2006 Dave Egan Legislative Conference to speak with their representatives about the importance of federal rent-to-own legislation.

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As a mother of seven, Gloria Homeier-Schwieh knows the meaning of a full house. The Kansan business owner talks about her family history in rent-to-own, the importance of a solid financial plan and revitalizing her state association.

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THERE'S NOT ENOUGH ART IN OUR SCHOOLS.

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WALK ON THE MOON.



It's a long way from the Apollo Theatre to the Apollo program. No person has ever embodied and revolutionized jazz the way Louis Armstrong did. Not bad for a kid whose first experience with the trumpet was as a guest in a New Orleans correction home for wayward boys. Alas, today the arts are dismissed as extravagant in most schools, despite the fact that most parents agree on the importance of arts education. If you feel your kids aren't getting enough, make some noise. Like the great Satchmo, all you need is a little brass.

ART. ASK FOR MORE.



For more information about the importance of arts education, contact
www.AmericansForTheArts.org.



Photo used with permission, Louis Armstrong Educational Foundation.

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Rentals

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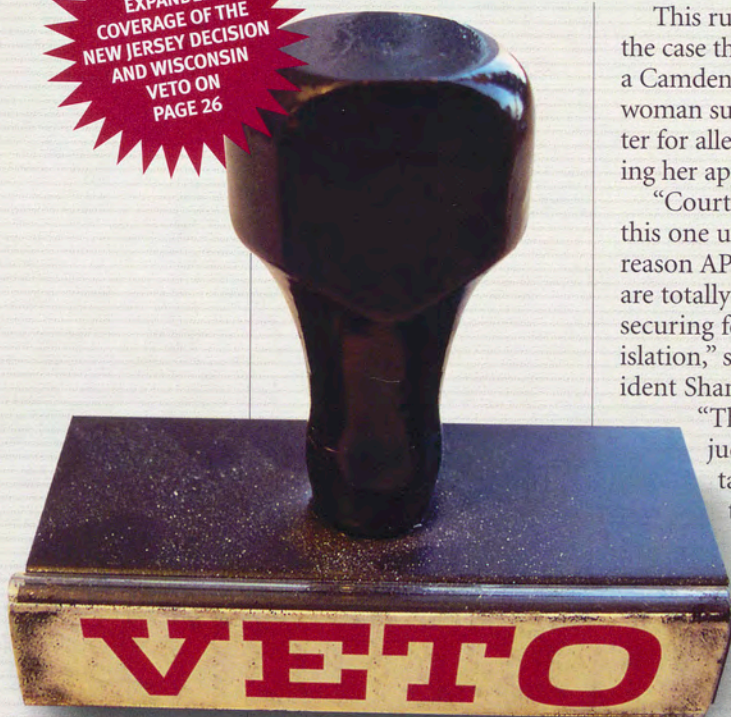
B R E A K

COMPILED BY
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ED WINN III

New Jersey Supreme Court rules against Rent-A-Center

The New Jersey Supreme Court ruled on March 15 that the rent-to-own industry in that state must comply with the same interest rate cap as other retailers who offer consumers installment payment plans. The interest rate cap per year is 30 percent under several of that state's laws.

SEE OUR EXPANDED COVERAGE OF THE NEW JERSEY DECISION AND WISCONSIN VETO ON PAGE 26



This ruling concludes the case that began when a Camden, New Jersey, woman sued Rent-A-Center for allegedly repossessing her appliances.

"Court decisions like this one underscore the reason APRO members are totally committed to securing federal RTO legislation," says APRO President Shannon Strunk.

"This example of judicial interpretation flies in the face of 47 state laws that clearly state the rent-to-own transaction is a lease and not a sale. I urge all

APRO members to stand united in our effort to repudiate inaccuracies of this magnitude about our industry."

Wisconsin governor vetoes rent-to-own bill

On March 30, Wisconsin Governor Jim Doyle vetoed SB 268, which would have defined the rent-to-own transaction as a lease allowing for small rent-to-own business owners in the state to offer the rent-to-own transaction in the traditional manner.

If enacted, the bill would have been the most comprehensive regulation of rent-to-own dealers and the RTO transaction anywhere in the country. The bill required rental dealers to be licensed in the state along with contractual, advertising and price tag disclosures. The passage would have promoted economic development and competition in a state where the majority of rent-to-own companies vacated due to the hostile legal environment.

Florida rental theft bill passes council

The Florida House Justice Council passed HB 73, the Unlawful Taking of Personal Property bill, on March 22 by

a vote of 11 to 0. This was the third house committee to unanimously approve the bill. HB 73

will be referred to the full Florida House of Representatives.

Its companion bill,

Florida Senate Bill 1328 by Senator Victor Crist, passed out of the Senate Criminal Justice Com-

mittee unanimously on March 16 and is pending a final committee vote in the Senate. If passed, the bill will remove current legal restrictions when Florida rent-to-own dealers try to retrieve stolen merchandise.

The bill made significant progress last session but died when the session ended. This session, the strategy is to let the bill pass on its own rather than amending it, which is what happened in the last session. The Florida state session began on March 7 and will last until May 5.

APRO's 2006 Mid-Year Conference draws 90 attendees

The 2006 APRO Mid-Year Conference kicked off on March 20 against the backdrop of the Santa Catalina Mountains in Tucson, Arizona. Ninety members and vendors attended APRO's annual conference, held at the Hilton El Conquistador Golf and Tennis Resort. The first day's events included a vendor advisory meeting, board of directors meeting and cocktail reception with tabletop exhibits. At the reception, 19 companies exhibited their services and products and met with rental dealers

from around the country.

"It was a great opportunity to meet with dealers and vendors in an informal setting to discuss business and nurture industry friendships," says Ellison Crider, president of RSSS.

Day two of the Mid-Year Conference began with a morning legislative update from APRO General Counsel Ed Winn. He talked about the recent New Jersey Supreme Court decision *Perez v. Rent-A-Center*. Winn presented attendees with a history of litigation and legislative efforts in the state and also prepared them for the implications of the decision on the greater rent-to-own industry.

In the afternoon, 32 golfers participated in an 18-hole scramble at the state-of-the-art Conquistador golf course, offering the golfers a desert experience. The first-place team winners were John Alifano, Brian Duke, Gordy Groff and Judy Groff.

The conference concluded on March 23 with a popular seminar by Sidney Burton about why 94 percent of the rent-to-own demographic does not use rent-to-own.

APRO would like to thank D&H Distributing and RentDirect Nationwide for their sponsorship of the 2006 Mid-Year Conference and refreshment sponsors Bryce Co., High Touch and RSSS.



Aaron's National Managers Meeting draws record attendance

Aaron Rents completed its largest-ever National Managers Meeting at the renowned Gaylord Opryland Resort, adjacent to the world-famous Grand Ole Opry House. More than 2,000 associates from 46 states, Canada and Puerto Rico gathered to hear CEO Charlie Loudermilk and Aaron's Sales and Lease Ownership President Ken Butler congratulate them on their achievements during 2005, the company's 50th and most successful year to date.

"Our growth and success is a pure testament to the dedication of

every one of these Aaron's associates," says Butler. "It is amazing to think just how far we have come."

In one of the meeting's highlights Loudermilk outlined the company's value-based culture, giving special emphasis to those areas on which he declares that no Aaron's associate should be willing to compromise. "Aaron's culture will continue to grow and thrive as we focus on the values of integrity, trust, teamwork, accountability, truth and, ultimately, excellence," says Loudermilk.

Managers who helped their stores achieve excellence during 2005 were recognized during the awards ceremony. The top two Aaron's store managers were each rewarded with a 1955 Chevy in honor of their stellar performance during Aaron's 50th Anniversary year. In addition, several stores achieving benchmarks of \$3 million or \$2 million in annual revenues were rewarded for their performance.

Whirlpool recognized with Energy Star Sustained Excellence 2006 Award

Whirlpool Corp. received the inaugural



Super Bowl is good for RTO

Super Bowl advertising isn't just for the companies with millions to spend for a coveted television spot on game day. In January, five APRO member companies were featured in separate articles that discuss how the "big game creates big-screen demand." The articles featuring Rent One, Show Me Rent to Own, ColorTyme, Quality Rentals and ABC Lease Ownership and Sales for Less highlighted the surge in big-screen rentals during the NFL playoff and Super Bowl festivities.

Here's a sample from the *King County Journal* in Seattle, Washington: "Kevin Quinn, president of Tacoma-based Quality Rentals, which has 20 stores throughout the state including stores in Bellevue, Kent, Renton, Auburn, Federal Way and South Seattle, said his stores have waiting lists for people wanting to rent big-screen televisions on Super Bowl Sunday."

The intensity of big-screen rentals offers the rent-to-own industry positive media coverage promoting its rental value not only to the big game but to potential consumers in the marketplace who may not know much about RTO. APRO's recent potential customer survey recommends promoting the value of renting as a way of introducing your potential customer to your store, company and the rent-to-own concept.

"Marketing the short-term ("renting to rent") appears to offer greater opportunities for initiating trial and expanding the customer base," says Market Researcher, Linda Trenholm. The NFL lengthened its regular season by several weeks, pushing the playoff season into the full month of January. This change has created new opportunities in a month that has historically provided lower revenues for rent-to-own.

2006

MAY 2006

1-3
High Point Furniture Market
Spring 2006, High Point, North
Carolina, 336/869-1000, ext. 31,
www.ihfc.com

17
California Rental Dealers
Association Spring General
Meeting and Election,
Irvine, California, 951/453-1625,
www.cal-apro.com

17-20
TRIB Group 2006 Convention:
"Play Ball in Cincy," Cincinnati,
Ohio, 770/451-4302,
www.tribgroup.com

JUNE 2006

6-7
Alabama-Mississippi Rental
Dealers Association Meeting
and Show, Pearl River Resort,
Choctaw, Mississippi,
228/312-0350

8-9
Tennessee Rental Dealers
Association Spring Conference,
Opryland Hotel & Resort,
Nashville, Tennessee,
423/626-8025,
www.trdra-rto.com

19-21
Missouri Rental Dealers
Association Second Annual
Heartland of America Regional
Trade Show, Lodge of Four
Seasons Resort, Lake Ozark,
Missouri, 573/442-2963,
www.missourirentaldealers.org

JULY 2006

5-9
ColorTyme 2006 National
Meeting, Peabody Hotel,
Memphis, Tennessee,
972/403-4945,
www.colortyme.com

14-16
NAMM - The International
Music Products Association
Summer Session 2006,
Austin Convention Center,
Austin, Texas, 760/438-8001
www.namm.com

NEWS BREAK

Energy Star Sustained Excellence 2006 Award from the U.S. Department of Energy and the

U.S. Environmental Protection Agency. This award is given to a select group of organizations

that exhibit environmental leadership, while sustaining product and marketing excellence.

This honor represents the company's seventh Energy Star Award win.

Whirlpool was recognized at an awards ceremony in Washington, D.C., on March 21, 2006. Whirlpool, an Energy Star partner since 1998, was honored for its leadership in designing, manufacturing and marketing resource-efficient home appliances that earn the Energy Star endorsement, the government-supported symbol of energy efficiency. Among the reasons cited in recognizing Whirlpool was the company's commitment to offering a significant number of Energy Star qualified products, as well as the company's training programs, marketing campaigns and innovative national consumer education activities.

"Whirlpool is honored to receive the inaugural Sustained Excellence 2006 Award," says Dave Swift, president of Whirlpool North America. "We share with our consumers a responsibility for environmental stewardship and this award is the culmination of more than two decades of investing in the development of innovative appliances and technologies that help conserve the earth's resources and allow homeowners to use energy more efficiently."

Everyone wins in American Rentals race for success

It may cost to attend an APRO convention but it pays much more as David P. David, general manager of American Rentals, will attest. Simply attending a discussion at the 2005 APRO Convention and Buying Show improved American Rentals profit by 107 percent during one weekend.

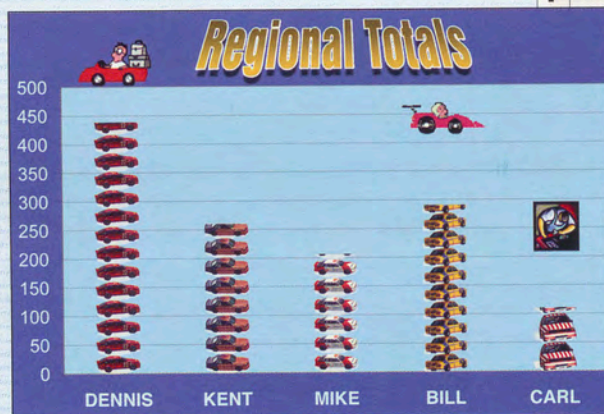
According to David, the idea popped into his head during APRO's 2005 convention when two dozen dealers from across the nation were swapping ideas during APRO's roundtable discussion entitled "What are you doing for promotions?" One of the attendees described a promotional and motivational marketing campaign his company executed with a company-wide race-themed contest for the most agreements written. David decided the contest would be a great opportunity for American Rentals, a company headquartered in Indianapolis, Indiana—the racing capital of the world. He executed "Racing to Total Customer Satisfaction," a promotional marketing campaign for the weekend of February 16 and 17.

According to American Rentals Chief Technology Officer Kelly Ireland, employees kept track of the race through logging on to an up-to-the-minute race-themed Web site set up by Chief Information Officer Rauof Bishay. Through the site, employees could view their momentum as well as check the competition from fellow stores and employees.

"It was really cool to see everybody so excited," says David. "The interactive Web connection with all of our stores and employees really gave it a telethon-like feel that energized employees and customers."

Managers had the liberty to develop their own promotional campaigns to entice customers into the store. Otherwise, the only rule was that the contract had to be written.

The weekend's race promotion boosted the company's revenue 107 percent over the previous year's. The contest rewarded the store with the most signed agreements over the two-day period with a \$1000 cash prize. American Rentals' North Vernon, Indiana, store took first place in the contest. The second-place winner was the New Albany, Indiana, store and third place went to the Martinsville store.



Industry veteran opens consulting practice

Twenty-year RTO industry veteran Danny Wilbanks announced the opening of Wilbanks Christians PLLC, a consulting firm specializing in providing services to entrepreneurs and small- to medium-sized businesses.

Headquartered in Austin, Texas, Wilbanks Christians serves a variety of industries with emphasis on assisting the rent-to-own entrepreneur in his expansion



and financing needs. Wilbanks' partner in Wilbanks Christians is Monte Christians. Both Christians and Wilbanks have extensive experience in corporate finance and as entrepreneurs and operators in high growth and rapidly changing environments.

Wilbanks Christians offers a range of services including private placements of debt and equity, strategic planning and merger and acquisitions advisory services. The firm provides tradi-

tional CPA services, as well, including monthly accounting services, tax consultation and tax return preparation. The firm also assists individuals in the area of retirement and legacy planning.

During his career, Wilbanks served as the principal financial advisor in more than 75 acquisition or sales transactions of rental-purchase stores valued at more than \$1.4 billion. This experience makes the consulting firm the most experienced advisor available for rent-to-own

dealers needing assistance in buying or selling rental stores. Additionally, Wilbanks' operating experience makes him uniquely qualified to offer these financial and consulting services to the RTO industry.

Wilbanks has been a member of APRO. He has also been a member of the Texas Association for Rental Agencies since 1994 and served a term as TARA's president.

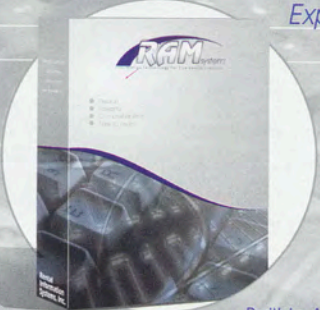
The partners of Wilbanks Christians can be contacted by e-mailing dawilbanks@aol.com or at 512/997-9444.

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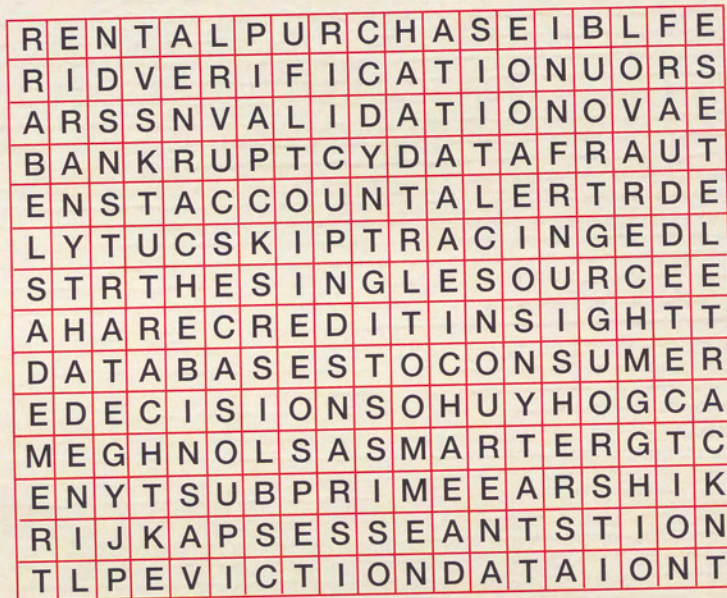
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NEWS BREAK

Missouri hosts annual meeting; announces trade show dates

The Missouri Rental Dealers Association (MRDA) held its annual meeting on February 9 in Columbia, Missouri. According to MRDA Administrative Manager Ken Steiner, 85 rental dealers and vendors attended the one-day conference, which featured two guest speakers and concluded with MRDA's annual meeting.

APRO's Legal Counsel Ed Winn presented the morning seminar on collection practices while APRO President Shannon Strunk discussed how to expand a business during the afternoon seminar. "We had two topics that really hit home with the dealers—collections and how to grow your business," says Steiner.

After the presentations, the MRDA held its annual meeting. The board of directors announced two schedule changes for the upcoming year. The second annual Heartland of America Regional Trade Show will move to June 19-21 and will be held at the Lodge of the Four Seasons in Lake Ozark, Missouri. Rental dealers and vendors from Kansas, Missouri, Arkansas, Illinois and Iowa are all encouraged

to participate in the trade show. The board of directors also announced that due to the trade show scheduling, MRDA's three-city training program for account managers and other store employees will move from July to August.

One of the highlights of the annual meeting was a review of MRDA accomplishments in 2005. MRDA received recognition at the APRO Convention and Buying show as the state association of the year, MRDA member Dan Cole was honored with APRO's Heritage Award, and the association also celebrated a 38 percent increase in company memberships this past year.

"We're going to keep going higher and higher," says MRDA President Chuck Kuluva.

Class actions in Connecticut

In the waning days of 2005, plaintiffs' attorneys in Hartford filed at least two class action lawsuits against rent-to-own companies doing business in the state. The plaintiff's alleged violations of the state rental purchase statute and the state unfair trade practices act. The Connecticut statute requires that certain financial disclosures such as the rental rate, cash price, total rental purchase price,

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etc., must be made in a certain order. Georgia is the only other state with such a requirement. The Connecticut lawsuits allege that the rental companies were not making the disclosures in the proper order. In addition, the lawsuits challenge the way that the companies were making the "90-days-same-as-cash" offer to consumers.

There is no allegation that any consumers were actually damaged because of the way that the rental agreements were drafted. Instead, plaintiffs are attempting to get minimum statutory damages of \$250 per consumer because of the violation and not because anyone suffered any actual harm. If the court approves the classes, it is estimated that the class will number in the tens of thousands in both suits. Both cases are in the early stages of discovery and no decision is expected for a year or two. Copies of the pleadings are available to APRO members upon request.

Las Vegas Market sees second success

Rent-to-own professionals browsed the hottest home furnishing products and design ideas at the Winter Las Vegas Market. The show

was held January 30-February 3 at the Las Vegas World Market Center and attracted more than 1,200 exhibitors. According to Dana Pretner, Director of Marketing and Public Relations for World Market Center, last July's inaugural industry trade show was the largest show launch in U.S. history.

"The show in July was over the top by all

accounts," says Dave Palmer, general manager of the World Market Center. "This show proves that it wasn't a one-hit wonder."

After a day on the show floor, rental industry professionals had the opportunity to unwind at the APRO hospitality suite hosted by Sandberg Furniture. At the show, Sandberg previewed its new hutch that was

designed specifically for the rent-to-own market. The hutch will hold a 50-inch flat screen television and includes a shelf for storing electronics such as DVD players or game consoles. The stand-alone unit comes fully assembled and has several finishes.

"We value our relationships with all rent-to-own dealers," says Michael Genrich, vice

Aaron's' car steers Longhorns' tribute

Eleven-time Busch Series winner Michael Waltrip commemorate the University of Texas' football team's national championship by decorating the No. 99 Aaron's Dream Machine in a special UT paint scheme during the NASCAR Busch Series race, April 8 at the Texas Motor Speedway in Ft. Worth.

In addition, the No. 99 Aaron's Dream Machine UT paint scheme will be recreated as a limited edition 1/24-scale die-cast model car that fans may purchase at select Aaron's locations throughout Texas. Those wanting to see a full-size version of the vehicle will be able to view a replica show car set to make appearances throughout Aaron's Sales & Lease Ownership stores in Texas. The Longhorns' National Championship Dream Machine was also featured during the Spring Football Jamboree at Royal-Texas Memorial Stadium in Austin on April 1.

"The championship paint scheme on our NASCAR Busch Series car is an excellent way to promote two of Aaron's premier partners—Michael Waltrip Racing and the University of Texas—and to honor what the UT football team accomplished by going undefeated during the 2005 season," says Aaron's Sales & Lease Ownership President Ken Butler.

In other Aaron's news, two winners and their guests watched the races from the "Aaron's Dreamseats" in the back concourse of the Bristol Motor Speedway in Tennessee on April 2 and 3. Cynthia Peace from Havana, Illinois, attended Saturday's Busch Series race and Carmen Payton from Norfolk, Virginia, attended Sunday's NASCAR Nextel Cup race.

This is the third year Aaron's has offered Dreamseats at Bristol Motor Speedway. Customers can enter the next Aaron's Dreamseat Sweepstakes starting this May for a chance to win an all-expense-paid trip and a chance to view Bristol's night races on August 25 and 26.



president of sales for Sandberg Furniture "We will continue to develop products to meet the needs of these dealers."

Benefit Marketing Solutions names general counsel

Brad Denison, formerly of Rent-A-Center, has been named general counsel of Benefit Marketing Solutions (BMS).

"We are excited to have Brad aboard," says Danny Wright, BMS chief executive officer. "His



experience in the rental-purchase industry, his background with membership programs as they apply to our markets, and regulatory experience give him a unique ability to readily apply his experience to our company."

Denison was with Rent-A-Center for 10 years before purchasing a music store business in Colorado Springs, Colorado, in 2001. Denison made the decision this year to return to the

practice of law. He is a 1985 graduate of the University of Kansas Law School and prior to his tenure with Rent-A-Center he specialized in insurance litigation.

BMS markets membership programs under a Preferred Customer Club concept through more than 3,500 rent-to-own and consumer finance locations nationwide.

"I am thrilled to be working with Danny Wright and the great people at Benefit Marketing Solutions," says Denison. "I'm also very excited to be back in the rent-to-

own industry. I made a lot of friends when I was in the industry and it is great to be able to have a connection again."

Schuerholz named to Aaron's board of directors

John Schuerholz has been elected to the Aaron Rents board of directors. Schuerholz is the executive vice president and general manager of the Atlanta Braves.

"We welcome John as a member of our Board

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of Directors,” says R. Charles Loudermilk Sr., chairman and chief executive officer of Aaron Rents. “His record as one of the most successful general managers in baseball history is a testament to his business acumen and managerial ability. We believe he will bring a unique perspective to our Board and his insights will make a solid contribution to the company.”

Schuerholz began his career in the Baltimore Orioles organization in 1966. He moved to the Kansas City Royals two years later and held various positions with the

Royals for 13 years, being named executive vice president and general manager in 1981. After a successful tenure as the general manager of the Royals he joined the Braves in 1990 as executive vice president and general manager. During the last 15 years, the Braves have won 14 straight divisional titles, five National League pennants and one World Series. Schuerholz is a native of Baltimore and a graduate of Towson University, where he played soccer and baseball. He was inducted into Towson’s Athletic Hall of Fame in 1973.

Speed Queen offers new three-year warranty

While many brands in the appliance industry are shortening their warranties, Speed Queen has bolstered its warranty by an additional year. As of March 1, the company extended the commitment to its products by expanding its parts-and-labor warranty from two to three years.

“The extension of our already-strong warranty is testament to the confidence we have in the commercial quality of Speed Queen’s home laundry products,” says

Chuck Melton, national sales manager for Speed Queen’s consumer line.

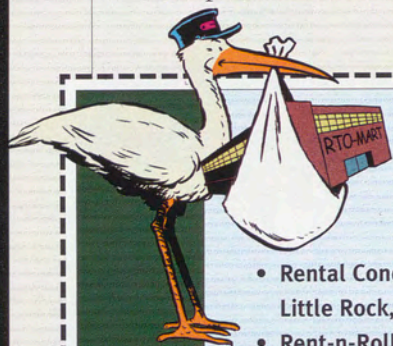
Speed Queen’s three-year warranty applies to the company’s full line of front-load and top-load washers and dryers. “Speed Queen is all about American-made quality and that means customers don’t have to spend additional money for peace of mind by purchasing an extended warranty from a third party,” says Melton.

Rent-A-Center ad campaign urges customers to “Never settle”

With names like “Electronics Behaving Badly,” “Appliances with Attitude” and “Space: The Final Frontier...or Last Straw?,” Rent-A-Center’s new TV and radio spots remind consumers that no one should have to settle for second best when it comes to home merchandise.

“Research told us that many consumers live with things that don’t work right, or don’t fit their taste anymore, because they don’t think they can afford to upgrade or replace them,” says Rent-A-Center Vice President of Marketing Ann Davids.

The spots depict everyday situations with light humor—life’s little aggravations brought about by ordinary house-



Rent-to-own store openings

- Rental Concepts opened Rent-n-Roll stores in Sherwood, Arkansas, and in Little Rock, Arkansas.
- Rent-n-Roll opened its fifth corporate store in Orlando, Florida.
- John Spangle opened his fifth Rent-n-Roll store in Houston, Texas, on March 1, 2006.
- Chad Hazam opened his second Rent-n-Roll store in Baltimore, Maryland on March 1, 2006.
- Kevin Quinn opened his second store on March 9 in Tacoma, Washington.
- Atlanta-based franchisee H2H Investments opened its fourth Rent-n-Roll store in Jacksonville, Florida, around April 1.
- Rims USA relocated its Taylors, South Carolina, store to a 12,000-square-foot facility in Greenville, South Carolina.
- Kraig Fussell opened his first ColorTyme store in Alexandria, Louisiana
- Joe Huck converted his store, Big House Rentals, to a ColorTyme store in Greenville, South Carolina.
- Gloria Homeier-Schwieh recently opened two more A Full House stores, one each in Clay Center and Manhattan, Kansas.

hold items that have outlived their usefulness.

"After 32 years, Rent-A-Center enjoys very high brand recognition," says Davids. "It was the next level of communication—educating customers about our line-up of new, top-brand name merchandise and the many services we include in the transaction—that was needed."

Premier Rimz joins RentDirect

RentDirect Nationwide added Premier

Rimz to its vendor line-up. Premier Rimz is a tire and rim provider that offers RentDirect members the opportunity to join one of the fastest growing segments of the rent-to-own market. Premier Rimz offers a new product line without having to buy installation equipment, stock inventory or hire technicians to install the product. The tires and rims arrive at the rent-to-own dealership and are ready to be placed on the customer's vehicle.

"Premier Rimz offers our Rent Direct mem-

bers an opportunity to expand into the fastest growing segment of the industry while removing many of the obstacles and expenses associated with adding this new product line," says James MacAlpine, executive director of RentDirect Nationwide.

RentDirect members can access the Premier Rimz online showroom through their Member Net network. The Web site allows customers to view a large selection of the most popular tires and rims and choose the correct product for their

car. Wheel and tire packages are shipped mounted and balanced and ready to install or take home. Shipping is included in the price and the product usually arrives in three to five days.

"We are excited to join with RentDirect and Nationwide," says Cheryl Korth, vice president of sales for Premier Rimz. "Premier Rimz will benefit from its growing number of members and we can offer a solid product and a turn-key delivery system."

Distributor of Choice

Computer Technology • Consumer Electronics • Cellular Products

The advertisement features a central collage of various brand logos including Acer, HP, Microsoft, Sony, Dell, Philips, and many others. The SED International logo is prominently displayed in the center. Below the logo, the contact information is provided: 800-745-7700 and www.sedonline.com. At the bottom, a list of office locations is shown: Atlanta, GA | Bogotá, Colombia | Buenos Aires, Argentina | City of Industry, CA | Dallas, TX | Miami, FL.

In 1993, Congressman Henry B. Gonzalez, the powerful chairman of the House Banking Committee, held an investigative hearing on the rent-to-own industry. Shortly after that hearing, industry leaders decided to take control of rent-to-own's destiny and tell the true RTO story to members of Congress. Thus, the industry took its message to Washington D.C., and there began the first APRO legislative conference.

APRO just concluded its 14th annual Dave Egan Legislative Conference and it was a great success! I want to thank all the rental dealers for attending and going to bat for the industry. Those

in letting Congress know the need for federal RTO legislation. I hope all APRO members will thank the representatives from these seven sponsoring companies the next time you see them. Together, we can move mountains!

In order to provide an event whereby we could share the results of the day's Capitol Hill visits, we held a catered dinner at the Top of the Town. With a view of Arlington National Cemetery, the

Kennedy Center for the Performing Arts, the Lincoln, Washington and Jefferson Memorials and our nation's Capitol, we joined together to share

our RTO experiences. After dinner, we took an evening tour by bus of the World War II Memorial, the Franklin Delano Roosevelt Memorial and many other historical sites.

A legacy I would like to leave to APRO and my many friends in our industry is the transformation of our annual legislative conference. We all know that we will continue to hold these annual conferences even after achieving our goal. May we never neglect to tell the true story of rent-to-own to decision makers who can and do affect our businesses. However, our conference can be transformed into a more educational and meaningful experience for all of us. The beginning of this transformation occurred this year.

I thank all the rental dealers for your attendance in Washington. I promise you, the foundation you are building for RTO legislation will protect and defend RTO for everyone. ■

Shannon Strunk is the president of Baber's Inc. in Pascagoula, Mississippi.

.....
 "Our conference can be transformed into a more educational and meaningful experience for all of us. The beginning of this transformation occurred this year."

Going to bat in Washington

who participate carry a heavy burden, and we are all very grateful. This year, I wanted to do something new and different—to begin restructuring the conference for the time when we do achieve federal legislation.

Bob Bloom, president and CEO of ColorTyme graciously accepted my invitation to kick off our conference with a seminar entitled, "Your attitude determines your altitude." This inspiring message set exactly the right tone for our legislative activities. I want to thank Bob for bringing this message to us, and I want to encourage those of you who have never heard Bob speak to do so whenever you can.

All of us at the conference came away from our Capitol Hill visits encouraged by the responses we received from our representatives and senators. I am happy to report that this was a very successful meeting. I hope every one of you reading this column who didn't attend this year's legislative conference will make a point to come next year. Although many at this year's conference were "old timers," I am proud to say we had 11 first-time attendees.

I also want to thank Fraenkel Co., High Touch, M&B Jewelry, RSSS, SED International, Welton USA and Whirlpool for sponsoring this great event. Never before has APRO had so many sponsors for our legislative conference. These companies stood proud with the rest of us



By SHANNON STRUNK
 APRO's President

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Every year since 1990, APRO has conducted an annual industry statistical survey of the membership. It is that time of the year again and we need every APRO member to complete their survey questionnaire. But before you pull out your pens and prepare for a long evening doing paperwork at your desk, I have news for you—you don't have to do that this year.

The 2006 APRO industry survey is in a new, easier-to-complete format. A complete overhaul has been made to the survey questionnaire to make it easier to complete, less time-consuming and

vacy and security of your survey questionnaire answers. This is certainly a legitimate concern, and let me assure you that this is a totally blind survey. What does this mean? APRO has retained the services of Industry Insights to compile the data from individual rental dealers. Industry Insights is a nationally-recognized survey company that conducts surveys for many industries, com-

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“Each participant can not only use the results as a benchmark management tool, but you can also share this information with your lenders.”

panies and associations of all types. The data you report will receive complete confidential treatment. No

Your stats help the industry

more relevant to today's industry. The new survey questionnaire is almost half the size of last year's. Many obsolete and irrelevant questions were removed and others were consolidated so that filling out the survey will take less of your time.

When concerns about relevance and length of the existing survey format were raised, the APRO Public Relations Committee, chaired by Geron Vail, shouldered the task of rebuilding the questionnaire. I want to thank Terry Beville who led the revival effort and was instrumental in reformatting the survey. Members of the committee met via conference calls and postponed their departure from the legislative conference to stay and discuss the survey. Dozens of hours were put in by Terry, Geron, Rich Bartel, Sidney Burton, David P. David, Ernie Lewallen and Shannon Strunk.



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

It is impossible to emphasize the importance of this annual survey. Each participant can not only use the results as a benchmark management tool, but you can also share this information with your lenders. Your association uses data from the survey report to paint a clear and accurate picture of the rent-to-own industry for members of Congress, as well as state legislators. Members of the national and local press corps refer to the data when they write about the industry. Product manufacturers and service providers refer to the results to better serve rental dealers in their products and services.

Some of you may be concerned about the pri-

one outside of Industry Insights offices will have access to any individual data! Upon receipt of your company's survey forms, all company identification will be removed and a confidential code number will be assigned. No one working with your data at Industry Insights will possess your survey data and company information at the same time. If you still have any questions about the confidentiality of your information, please contact me and I will give you the phone number of Greg Manns, vice president of Industry Insights. I'm certain he can answer any questions you might have.

As a company-specific benefit, I would urge you to request an individual Company Performance Report (CPR). Your CPR will facilitate ease of comparison between your company's data and the composite APRO data and the data of other companies similar to your company in size. This \$20 option is well worth five times the price!

If you are a rental dealer who has consistently completed the annual survey questionnaire, thank you. If you have never completed one, please do so this year. The more rental dealers that participate, the more accurate the results! This is one of those win-win situations for you and the rest of the industry.

By sending in your information, you will not only be helping yourself, but you will be helping the entire rent-to-own industry. You will appreciate the results. I promise! ■

Bill Keese's e-mail address is bkeese@aprovision.org.

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Rent-to-own purists have always deemed their industry to be separate and apart, different from, if not better than, other businesses that make up what has become known as the alternate financial services sector—or by the less savory moniker of the “fringe economy.” The other players in this sector include pawnshops, small loan offices, check cashers, payday lenders, buy-here-pay-here car lots, credit repair companies, alternate phone market companies, high interest credit/debit card companies and others.

It would be lovely, indeed, if the RTO industry could hold itself out as a beacon of fairness,

other business segments, as well.

But economic imperatives may be causing all of that to change. In 2005, Rent-A-Center began offering “financial services products,” including payday loans, bill paying services, debit cards, check-cashing and money-transfer services in 40 of its RTO stores. It expects to have these products in up to 200 stores by the end of 2006. RAC is not alone. Other rental dealers have experimented with payday loans and other financial services both in their rental stores and in separate locations with varying degrees of success. Wal-Mart offers check-cashing services in some of its stores and Howard Karger, author of *Short Changed, Life and Debt in the Fringe Economy* (2005), predicts that Wal-Mart will shortly start offering payday loans in its stores.

Rental dealers, try as they might, will not be able to distance themselves far from RAC. All RTO dealers offer the same transaction and, to a large extent, the same products. Advertising and store layouts are similar. When the largest company in the industry starts offering payday loans, it is no longer academic legerdemain that is blurring the lines between industries. It is, rather, the reality of the marketplace.

As so, in the face of being lumped in with other alternate financial services businesses, both figuratively and now literally, what is a rental dealer to do? Rental dealers always have choices. One choice is to be like Penelope in Homer’s *Ulysses* and to stick to one’s knitting. Penelope remained faithful to her true love in the face of intense pressure to take another man for the good of the country. Rental dealers can always stick to their true love and work on perfecting their own rental businesses. There are any number of really good rental companies out there, but so far, none has perfected the calling. Every company has the bottom 20 percent of stores, as Bill Morgenstern once famously declared. Even a one-store owner has the bottom 20 percent of employees and inventory. Every rental company, no matter how large or small, can improve the business internally. That

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 “In the face of being lumped in with other alternate financial services businesses, both figuratively and now literally, what is a rental dealer to do?”

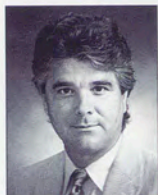
The blurring of the lines

respectability and consumer satisfaction and point an affronting finger at all of those other less savory businesses. But wishing will not make it so. Already consumer advocates paint RTO and all of those other businesses with the same black brush. In their view, the fringe economy is the government’s fault for not redistributing the country’s wealth in a satisfactory fashion.

It has been primarily academics and consumer advocates who have led the move to lump all of the disparate industries into one group. They do so in an effort to create a large, predatory monster against which the poor are powerless and against which the government must take action. Of course, there is no one action government can

take that would rein in all of these different industries, most of which are already stringently regulated. The specter of an evil sub-prime empire helps sell books and magazines and leads to calls for increases in the minimum wage and wealth redistribution through tax reform.

The various business segments themselves do not see the terrain as monolithic. Payday lenders have, until lately, kept their own counsel. They have opened their own storefronts and have tended to stick faithfully to that one line of business. The same has historically been true of pawnbrokers and most of the



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

can be a fulfilling lifetime pursuit.

Alternatively, rental dealers can follow the Rent-A-Center lead and diversify. There is virtually no limit to the direction such diversification can take. Rental dealers can probe alternate financial services, new rental product categories or retail markets, to name but a few. Rental dealers will have to be mindful that diversifying the business will require new skills, new capital, new employees, new training, new habits and maybe new storefronts. Learning curves for new businesses can be steep and expensive. More retailers looking to dabble in RTO as a convenient business add-on have failed than have succeeded.

Most of us have learned by now that life is uncertain and that change is inevitable. It seems to be the case that if RTO was once a unique enterprise, today it is in the process of becoming less so as RTO stores begin offering other products and services besides those traditionally associated with RTO.

It is far too early to tell whether this blurring of business segment lines bodes ill or good for RTO. The challenge for rental dealers is to turn what is happening into a good thing for their companies, which will make it a good thing for the industry. ■

Ed Winn's e-mail address is edwinn@e-bylaw.com.

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Our businesses depend on word of mouth and whether it's good or bad determines whether our business will be successful or not. A huge amount of our effort is spent on cultivating good word of mouth, isn't it? Well, APRO is no different. The success of our association depends upon good word of mouth. That's where I come in, to spread the good news about APRO!

Some of you may have heard naysayers mention that APRO is nothing more than a club for invited people only. As the newest elected APRO board member let, me assure you that nothing

Joining is just the start

could be further from the truth! I wasn't invited to run for the board. I felt that I had something to offer so I threw my hat into the ring. I feel like it's my responsibility and duty to report to all APRO members that your board of directors and APRO staff are as open, warm and inviting as you could imagine. APRO members can be proud! The best way to describe APRO is to say that it resembles a sponge. A sponge is a solid unit that is also pliable, flexible and ready to expand. APRO is a cohesive unit, and like adding water to that sponge, is ready to soak up and welcome new members.

Those of you who know me know that I'm just me. I'm not interested in pretending to be something that I'm not. Having heard some negative comments about APRO, I wasn't sure how this big hillbilly would be received by the full board and staff. Let me tell you that I couldn't have met a friendlier, passionate, hard-working bunch of men and women. All with the same goal: to make the rent-to-own industry the best it can be.



By LARRY GOAD
APRO board member

I couldn't imagine not being a member of APRO. Membership is invaluable. The knowledge available to each member is mind-blowing. It has been said that "life is simpler when you plow around the stumps." Being a member of APRO lets you find out where those "stumps" are in your business's field, so you can

"plow" around them.

I have been in this industry for nearly two decades now and still have so much to learn. I have gleaned so much information from people like Ernie Lewellen, Terry Beville and "Tiger" John Cleek, who have been forthcoming with their knowledge. They understand that the stronger we are individually, the stronger we will be as an association. I can tell you from first-hand experience that good judgment comes from experience, and a lot of experience comes from making bad judgments. As a member of APRO, you have access to so much knowledge that can help you make those good judgments. I don't know of a single member of APRO that I couldn't pick up the

phone and call when I need some advice. And I feel the same way—I am more than happy when I can help another member of APRO in some way.

But membership in APRO will not help you and your business if you don't participate. Just as filling a prescription but not taking the medication won't help you get better, APRO won't help you if you don't use it! Membership is only the first step. Partnership without participation is a placebo—you think it'll make you better but it won't. I know, because that described my first few years in APRO. As soon as I started to participate, I immediately realized what I'd been missing. Sure, the convention is a great opportunity to see, learn about and buy so much product in one place, but the best part about the convention is the networking. The chance to come together with your peers and learn from each other is invaluable. The benefit of learning from each other can never be overstated as far as I'm concerned.

In my humble opinion, not being a member of APRO is hurting your business. So, if you find yourself in a hole, stop digging. Join APRO! I would love to be the first to say "welcome to the family!" ■

Larry Goad is the president of Zion's Television Showrooms in Harrogate, Tennessee.

.....
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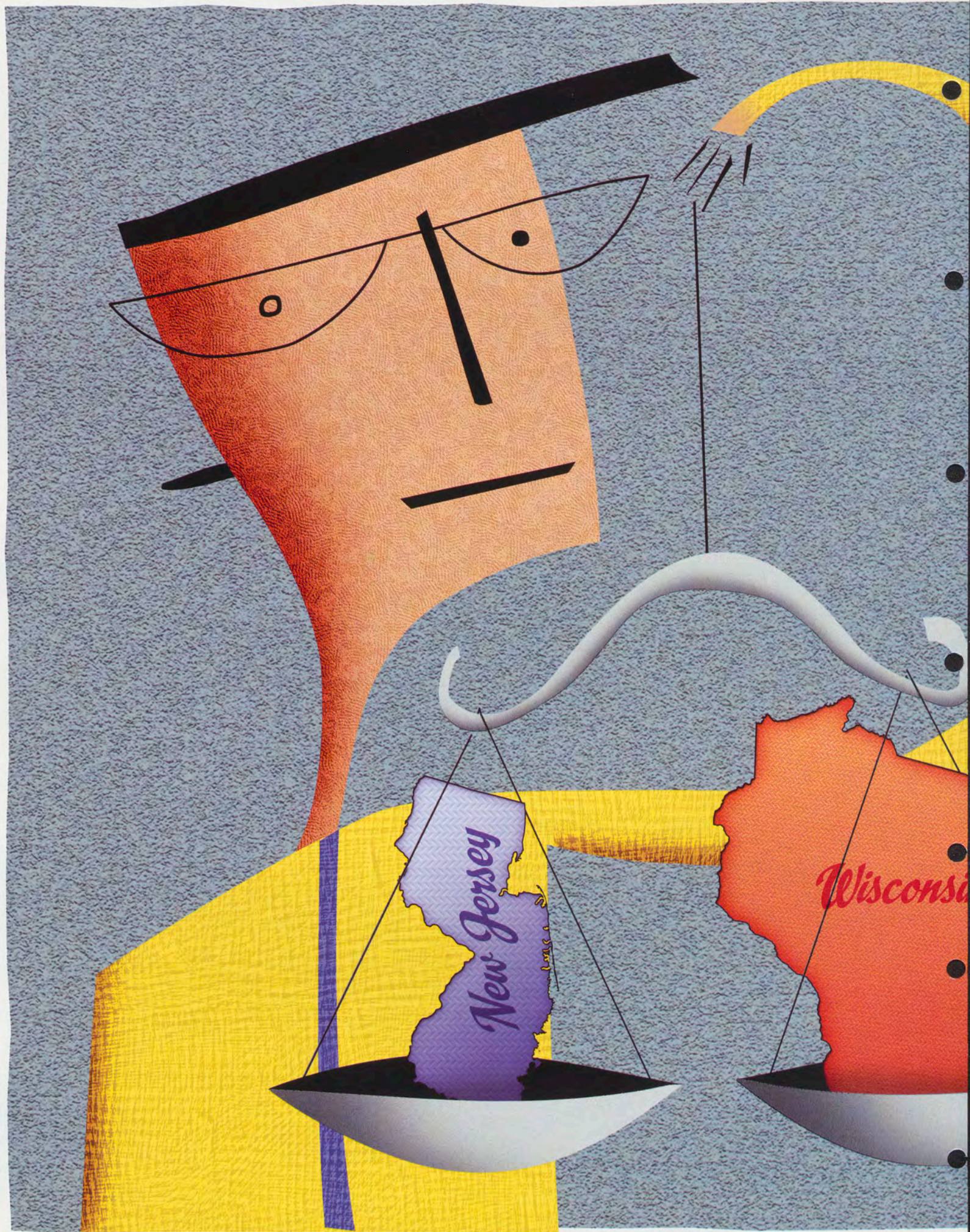
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MARCH WAS HARSH FOR THE
RENT-TO-OWN INDUSTRY**

It was T.S. Eliot who declared April as the cruelest month. Cruelty came early to the rent-to-own industry this year as March saw the New Jersey Supreme Court and then the governor of Wisconsin lay waste to the industry in those two states. It was all bad RTO news in March, but in February the U.S. Supreme Court once again championed the fundamental fairness and utility of mandatory consumer arbitration as a means of resolving disputes. This article reviews all three events and their likely impact on the rental business.

BY ED WINN III

NEW JERSEY:
Perez v. Rent-A-Center

NEW JERSEY SUPREME COURT, MARCH 15, 2006

SOME BACKGROUND ON RTO IN NEW JERSEY

The rent-to-own industry has had a long, antagonistic history in New Jersey. Even before RTO came on the scene in the state, New Jersey courts were leading the way in the development of such pro-consumer doctrines as unconscionability and products liability. Some of the first cases ever decided against businesses using these new-at-the-time legal doctrines were in New Jersey courts, a fact to which New Jersey jurists point with pride.

The first RTO case to find its way into a New Jersey state court was *Green v. Continental Rentals Inc.* in 1994. The trial court judge concluded that traditional rent-to-own agreements were retail installment contracts under state and federal law because courts must look beyond the form of a transaction and get to the substance of it—the “economic verity of the transaction” in the judge’s words. The RTO agreements were also “unconscionable” according to the judge in *Green*. Before that ruling could be appealed, the rental company went out of business.

Soon thereafter, a spate of lawsuits was filed against several different rental companies, perhaps the most noteworthy of which was *Robinson v. Thorn Americas Inc.* (1994). The judge in the Robinson case certified the class as including all customers of the company who had rented anything going back six years and held that the decisions in *Green* and a couple of other trial courts were the law in the state for RTO transactions—the decisions being that they are retail installment contracts under the New Jersey Retail Installment Sales Act (RISA). The judge in *Robinson* made additional rulings from the bench that allowed the parties to calculate damages in the case, which were in excess of \$120 million.

Thorn Americas—then parent company of Rent-A-Center—settled *Robinson* and litigation pending against two other companies, Crown Leasing Corp. and Renters’ Choice Inc., that Rent-A-Center had acquired while their cases were pending for \$60 million in 1998. Then Rent-A-Center changed its rental agreements in New Jersey by adding a fair market value balloon purchase option at the end of the rental term. Rental customers paid rent for possession and use of the product, but before they could obtain ownership, they had to purchase it for its estimated fair market value. The legal theory was that if customers always had to pay the fair market value for the property in order to own it, then any payments previously made must have been for the use of the property only and cannot have been part

of the purchase price. Therefore, the transaction, taken as a whole, cannot be a retail installment contract. Rent-A-Center has done business in New Jersey with balloon purchase option rental agreements from late 1998 until now.

THE PEREZ CASE AND HOLDING

It is important to understand the facts in *Perez*. While they may not have dictated the Supreme Court’s decision—New Jersey’s very liberal jurisprudential history can be held responsible for that—the facts certainly did not help. The chart below summarizes the history of *Perez*’s rental transactions with Rent-A-Center:

PAYMENT DATES	PRODUCT RENTED	CASH PRICE	WEEKLY RATE	WEEKS TO OWNERSHIP	TOTAL RTO PRICE	AMOUNTS PAID
March 3, 2001	Furniture	\$1,951.43	\$38.99	91.4	\$3,902.76	\$2,573.34
April 23, 2001	Washer/dryer	\$987.47	\$21.99	95.3	\$1,984.90	\$1,418.71
August 3, 2001	TV/DVD player	\$1,160.99	\$22.99	92.0	\$2,321.99	\$1,264.39
November 17, 2001	Computer	\$2,235.48	\$42.99	120.0	\$5,392.71	\$965.79
TOTALS		\$9,301.72	\$172.95		\$18,613.32	\$8,156.72

The totals are eye-popping. *Perez* was making rental payments of \$744 per month, not including “other fees” and taxes. The total rent-to-own price for all of the merchandise, including the balloon purchase option, was more than \$18,000. *Perez* was described in an amicus brief filed by a consumer advocacy group as “a low-income cook who receives food stamps.” Indeed, few traditional RTO customers could afford weekly rental payments of \$173 for very long. When she had paid more than \$8,000 on her agreements, she quit paying. Rent-A-Center sued her in small claims court for damages and return of the merchandise. Rent-A-Center had not been paid the cash price totals for the items *Perez* had rented, but almost certainly had recovered its cost of goods, if one assumes a three-to-four-turns pricing formula on most of the items.

When *Perez* got served with the Rent-A-Center lawsuit against her, she went to a lawyer and she countersued Rent-A-Center on her own behalf and “for all those similarly situated”—a class action complaint—for violations of New Jersey’s RISA and the state Consumer Fraud Act. The trial court, recognizing the economic and legal importance of the balloon purchase options in Rent-A-Center’s rental agreements, ruled in favor of Rent-A-Center and dismissed *Perez*’s lawsuit altogether.

Perez appealed, claiming that the trial court erred when it dismissed her suit. The court of appeals upheld the dismissal of *Perez*’s claims and in a detailed written opinion explained why Rent-A-Center’s rental agreements with balloon purchase options were not retail installment sales under state law.

Perez appealed to the state Supreme Court, which took the case, heard arguments last November and issued its six-to-one opinion reversing the appeals court on March 15, 2006.

The supreme court held that Rent-A-Center's rental agreements with the fair market value balloon purchase options are retail installment contracts as defined in the state RISA, because the court's obligation is to "interpret the statute reasonably to serve its apparent legislative purpose." That purpose, according to the court is "the protection of the public interest through the regulation of charges associated with the time sale of goods." After admitting that the transactions in the lawsuit did not fit neatly within the definitions in the statute, the court explained that "questions regarding the applicability of the statute must be resolved in favor of consumers for whose protection RISA was enacted."

To reach this conclusion, the court had to ignore the plain language of the statute requiring an obligation on the part of the consumer to make payments—and it did so. The court concluded that Rent-A-Center's agreements were "conditional sales," a term included in the definition of retail installment contract, but nowhere defined. The court attached no importance to the no-obligation feature of the agreements, because Perez argued that this feature was of no value to her, since she intended to own everything, an argument that the court adopted.

What is curious is that the court made vague reference to "studies, including those by Rent-A-Center, [that] have concluded that between 64 percent and 70 percent of all rent-to-own merchandise is ultimately purchased by the customers." The court also cited the 2002 FTC study to support this finding.

There was never a trial in *Perez*. No witnesses ever got on the stand. No expert witnesses were ever cross-examined and so this evidentiary conclusion is difficult to understand. However, it

helped the court get to the answer it wanted in the lawsuit: "[Our decision] is bolstered by the fact that the majority of rent-to-own contracts are intended for and in fact result in ownership, not cancellation. To exclude the many purchasers from the protective sweep of RISA by providing a cancellation that few would exercise would be an intolerably narrow interpretation of the statute limned for consumer protection purposes."

This finding is all the more curious since in other lawsuits where evidence was tested in court, the Rent-A-Center keep rate has consistently been under 35 percent.

It appears as if the court is reaching conclusions based on findings not in evidence, but that does not make the ruling any less binding on Rent-A-Center. If such an error had occurred in a lower court, Rent-A-Center could appeal to a higher court, but in this instance, with only state claims at issue, the New Jersey Supreme Court has the last word. This is not the first time, certainly—nor will it be the last—that

a court misconstrues the facts of a case to support the conclusion that it wants to reach.

The court went on the hold that the interest rate cap of 30 percent in the New Jersey criminal usury statute applies to Rent-A-Center's rental transactions and made the finding that the entire amount between the cash price and the total of payments for ownership, including the balloon, is interest. Finally, because all of the *Perez* agreements have an undisclosed interest rate greater than 30 percent, the court found that the Consumer Fraud Act applies to all of the transactions. That means that the company may be liable for

IN ONE FELL SWOOP, THE NEW JERSEY SUPREME COURT DID AWAY WITH THE 200-YEAR DISTINCTION BETWEEN USURY LIMITS ON LOANS OF MONEY AND FINANCE CHARGE LIMITS ON TIME PRICE SALES OF GOODS. THE MAJORITY VIEW IN THE COUNTRY IS THAT THESE TWO KINDS OF TRANSACTIONS ARE FUNDAMENTALLY DIFFERENT AND NEARLY EVERY STATE HAS DIFFERENT RULES FOR LOANS THAN FOR SALES OF GOODS.

treble damages under certain circumstances.

By its terms, the criminal usury statute applies only to loans of money. Not any more. After *Perez*, the statute applies to any transaction with an interest rate or a finance charge. In one fell swoop, the court did away with the 200-year distinction between usury limits on loans of money and finance charge limits on time price sales of goods. The majority view in the country is that these two kinds of transactions are fundamentally different and nearly every state has different rules for loans than for sales of goods.

The court sent the case back to the trial court where there will now be a trial on the amount of damages that Rent-A-Center must pay for its multiple violations of these several state statutes.

When Rent-A-Center settled the *Robinson* case for \$60 million, it had 22 stores in New Jersey. Now, according to the New Jersey Supreme Court, the company has about 50 stores in the state. While the record is not sufficiently com-



plete to make any realistic estimates of the cost of this suit, it can fairly be predicted that *Perez* will cost Rent-A-Center tens of millions of dollars. In addition, it will require Rent-A-Center, and perhaps other rental dealers in the state, to alter their business practices in substantial fashion.

A similar situation arose a few years ago in Wisconsin when Rent-A-Center and most other rental dealers in that state had to begin offering transactions that complied with the Wisconsin Consumer Act, that state's version of a retail installment sales act. The difference is that in Wisconsin, there is no limit on finance charges. The difference between the cash price and the total price for ownership in Wisconsin can be any amount that is agreed to by the parties, with the proviso that it must be disclosed as an interest rate.

The challenge in New Jersey will be for rental companies to craft transactions that fit under the 30 percent interest rate cap. Rental dealers may have some leeway in setting cash prices, but they may have to quit offering some lower-end electronic products that are heavily discounted in the retail marketplace.

Outside of New Jersey, the *Perez* decision has no real legal influence. It is a state court interpreting its own state's statutes and the precedential value of the opinion stops at the state line. It is true that sometimes court opinions are so powerfully and insightfully crafted that courts in other jurisdictions are so swayed by the force and beauty of the arguments that they choose to follow the decision even though not required to do so. *Perez* is no such case.

The decision gives succor to consumer advocates everywhere. New Jersey Public Interest Research Group have crowed often and publicly that *Perez* "is a complete and total victory for consumers." The industry can fairly expect some negative press from the decision. When *Robinson* was settled, the New York media picked up the story and several hostile pieces on the industry were aired nationally.

What is *not* likely is any unraveling of the time-tested rent-to-own statutes that are firmly in place in 47 states. The decision effectively killed any further consideration of the bill labeled "New Jersey Rental-Purchase Consumer Protection Act" that was wending its way through the state house in Trenton. The bill's Senate sponsor, himself a former vigorous and effective consumer advocate in state government and still a staunch supporter of his bill, has indicated that he cannot move the bill in the current political climate in the aftermath of *Perez*. This latest bill is part of the industry's effort to get a rent-to-own statute in New Jersey that has been ongoing since 1988.

W I S C O N S I N :

Vetoing a rent-to-own bill

The other bad news that rained down on the industry in March came from the governor's desk in Wisconsin. Governor Jim Doyle has previously

served the state as attorney general and in that role bedeviled the rent-to-own industry in the state for years by extracting a series of settlements from rental companies there totaling more than \$25 million. One rental company agreed to a settlement with Doyle's attorney general's office of "only" \$500,000 and the company's agreement to shutter its store locations and leave the state. In addition, there had been a number of private class action lawsuits brought and in every one, the Wisconsin courts ruled against the industry.

The charges have always been that RTO transactions, however configured, are disguised retail installment contracts under the Wisconsin Consumer Act, one of the earliest and still one of the most comprehensive consumer protection statutes in the country.

Attorney General Doyle was a strident and vocal critic of the industry in the state. He sent his deputies to Washington, D.C., to testify against pending RTO legislation in 2001. Wisconsin rental dealers have been seeking safe-harbor legislation in Madison on and off since 1981. Once before, in 2001, a Wisconsin governor, this time a Republican and Doyle's predecessor, vetoed rent-to-own legislation that the industry was supporting. The veto occurred late in an election year and the sitting governor lost the next election to Doyle.

Despite Doyle's previous pronouncements against the industry while attorney general, the industry approached him in his new role as governor soon after his election and he indicated that if he got a good bill from the legislature he would sign it. Wisconsin rental dealers worked closely with the governor's office to craft a bill that would satisfy the governor's concerns about industry practices. It was that bill, blessed by the governor's staff, that the dealers finally worked through the legislature this spring. Once the bill got to the governor's desk after close votes in both houses and tons of negative press about the evils of rent-to-own, Wisconsin rental dealers thought that the governor was merely waiting for some of the heat over the issue to dissipate and then he was going to sign the bill into law. It was a crushing blow to the dealers in the state to learn that the governor had vetoed the bill.

Once again, the governor's actions will only finally be felt in his own state. Wisconsin remains one of the few remaining redoubts against the RTO industry.

And so, as much as rental dealers might wish their business were respected or at least tolerated everywhere, such is not the case today. Opposition has become concentrated in Minnesota, Wisconsin and New Jersey. Opposition exists elsewhere, to be sure, but elsewhere there is fair and balanced rent-to-own legislation on the books. These laws reflect the negotiated compromises made by rental dealers on the one hand and reasonable consumer advocates on the other. It is not true that Wisconsin and New Jersey have captured all of the rabid consumer advocates in the country. It only seems that way for the moment. There are plenty of unreasonable consumer advocates everywhere, but lately, they have turned their ire toward what they view as other, more egregious examples of capitalism run amuck, like the

payday loan industry.

As painful as these two events are, coming so close together, they are perhaps useful scourges for rental dealers everywhere against the tendency toward hubris. After long, quiet, successful spells of running businesses, a certain complacency can set into any business. Dealers are cautioned to remember that they do not have a divine right to run their businesses. They do so only with the permission of the government—and that permission can be granted or withdrawn at any time depending on the political winds of the moment. It is important that rental dealers everywhere not to forget that truth.

U.S. SUPREME COURT: Favoring mandatory consumer arbitration

Rarely is the news all bad, unless you are a sitting president. In addition to the bad news coming out of New Jersey and Wisconsin, good news came out of the U.S. Supreme Court this February when it ruled once again in favor of mandatory consumer arbitration in *Buckeye Check Cashing v. Cardegna*. This was a case arising from the payday loan industry and is one that offers some comfort and pleasant legal prospects to the rent-to-won industry.

In *Buckeye*, the plaintiff filed a class action lawsuit against a payday lender in Florida state court alleging that his loan was usurious under Florida law, violated several other state laws, was illegal on

its face and therefore void. The loan agreement contained an arbitration provision allowing either party to compel arbitration to resolve any disputes that might arise between the debtor and the creditor out of the loan transaction. The trial court denied the lender's motion to compel arbitration and the Florida Court of Appeals reversed, holding that the arbitration provision controlled the dispute. The Florida Supreme Court reversed the court of appeals and sent the case back to the trial court. Finally, the U.S. Supreme Court agreed to consider the case and in February ruled that arbitration was indeed the proper forum for resolving the plaintiff's claims against the lender. The Supreme Court repeated some of the supportive comments about the Federal Arbitration Act, which "embodies the national policy favoring arbitration..."

The specific holding in *Buckeye* is that a mandatory arbitration provision in an agreement with a consumer as a party is enforceable against challenges to the validity of the underlying contract. The Supreme Court has been consistent in several previous rulings that mandatory consumer arbitration provisions are an acceptable mechanism for resolving disputes that arise out of the contract as long as the

arbitration process itself does not violate due process. The arbitration must not be too expensive for the consumer; the arbitrator must be competent and unbiased; the location of the arbitration must be reasonably convenient to the consumer; and certain procedural safeguards must be in place during the process. The three major national arbitration tribunals in the United States—the American Arbitration Association, the National Arbitration Forum and Judicial Arbitration and Mediation Services (JAMS)—all have such procedures in place in their codes of procedures for consumer arbitrations.

The clear message for rental dealers who worry about legal issues, class action lawsuits and the like, is to add arbitration provisions to their rental agreements. If they make sure that the process for arbitrating disputes is fundamentally fair for aggrieved consumers, then the chances are good that the provision will work almost everywhere, giving both sides a quicker and less expensive resolution to their disputes and protecting the dealer from the specter of defending a class action lawsuit.

Even in a perfect storm like the deluge that descended on rent-to-own in March, there is always a silver lining. ■

AS PAINFUL AS THESE TWO EVENTS ARE, THEY ARE PERHAPS USEFUL SCOURGES FOR RENTAL DEALERS EVERYWHERE AGAINST THE TENDENCY TOWARD HUBRIS. AFTER LONG, QUIET, SUCCESSFUL SPELLS OF RUNNING BUSINESSES, A CERTAIN COMPLACENCY CAN SET INTO ANY BUSINESS. DEALERS ARE CAUTIONED TO REMEMBER THAT THEY DO NOT HAVE A DIVINE RIGHT TO RUN THEIR BUSINESSES.

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



APRO launches its new Web site

RTOHQ

If there is one thing that's unique about the rent-to-own industry, it is the willingness of its members to share information amongst themselves for the good of the industry. For 26 years, the Association of Progressive Rental Organizations has been instrumental in connecting independent rental dealers and fostering conversation and networking across the country. Now, with a newly redesigned Web site and a new industry portal, APRO is bringing that value to the Internet. ★ If you've logged on to APRO's Web site recently, you may have noticed a few changes. On March 20, APRO unveiled RTO Headquarters, or RTOHQ for short. Beginning in April, traffic from the former APRO Web site, APROVision.org, was redirected to RTOHQ's URL (www.rtohq.org). ★ According to APRO Executive Director Bill Keese, the overhaul of the site is a move toward the completion of APRO's strategic plan. "The new Web site is part of our approach to raise awareness of APRO's Web presence," says Keese. "Most of our visitors may be industry professionals, but we want enough public information on the site so that the public, the press and especially potential customers can understand the benefits of the rent-to-own industry." ★ The new Web site was designed around three key qualities: ease of navigation, breadth of information and timeliness. As a result, RTOHQ features a design that is more user-friendly than its predecessor, APROVision. Drop-down menus offer users more efficiency and every page on the site is accessible from the drop-down menus on the home page or from any other page on the site.

It's more than a new look.
With added content and
an emphasis on connecting
with members, APRO's RTO
Headquarters is designed to be
your industry resource.
By Shellie Faught





Basically, it's easy to read," says APRO Communications Chair Larry Carrico. "You have all the information you need to navigate the site right on the front page. There's nothing tricky about it. It is based on the needs of the public and our members."

However, RTOHQ isn't about looks alone. APRO's new home on the Web includes E-Communities, a portal that allows users to interact. By logging in to E-Communities, users have the option of subscribing to different groups, or "communities," related to APRO and the rent-to-own industry. Once a user subscribes to a specific community, he/she is given access to the resources contained within that community. Each

community offers employees, vendors and owners access to a wealth of information and rent-to-own resources. For instance, APRO members who subscribe to the APRO member community will have access to APRO member forums, member announcements and documents such as manuals and registration forms.

More important, E-Communities offers a place for everyone in the industry to network and discuss rent-to-own issues with others. The APRO E-Communities section presents the industry with a unique online networking opportunity. On the E-Community forums, participants can discuss industry trends, get advice on issues specific to their store or share ideas about products or marketing.

"Our ability to share information amongst ourselves to better ourselves and one another is something that is specific to the rent-to-own industry," says Carrico. "That's the biggest value APRO brings to its membership."

In addition to the new features, the redesigned Web site offers a change in content. Unlike APROvision, RTOHQ will offer the most important news on the home page of the Web site. Industry news from legislative breakthroughs to new store openings will be available on a daily basis.

As a result of the changes, APRO's *Rental Viewpoint* will be changing as well. Beginning this summer, APRO will send out a collection of the top industry headlines each week. But if you don't want to wait, there's also the opportunity to subscribe to an RSS feed of updated content. This will deliver industry headlines to your news reader service as soon as it is posted on the APRO site.

With the launch of RTOHQ, Carrico hopes to share the good news about rent-to-own with the public. "The main goal is to have the external and internal functions of the site working together," says Carrico. "In today's world, you need both. We need the internal to communicate amongst ourselves and to share tips and foster community. We need the external to show the rest of the world what a great community rent-to-own has." ■

Shellie Faught is APRO's communications director.

E-Communities

- E-Communities announcements: welcome new members, find out what the hot topics are within each community.
- Discussions: Ask questions and get answers. Share tips and swap stories with rental dealers across the nation.
- Documents: A wide variety of rent-to-own printed resources and entry forms are just a click away. All you have to do is log on and download.

RTOHQ's improvements

- Easier navigation—every page is accessible from any other page on the site.
- Timely industry news on the home page.
- A searchable news database—find news archives on a particular topic.
- More industry statistics and links to in-depth reports via the E-Communities section.
- More state association resources, including rent-to-own's economic impact by state.
- Enhanced education resources, including easier access to information about APRO's year-round education opportunities and seminars.
- Information for APRO advertisers.
- RTO-related PDF documents available for download.
- Enhanced search functions. RTOHQ's database-driven design allows for easier searching of the site content.

We're open to suggestions. Do you have an idea or suggestion for the site? Please send your feedback to sfaught@aprovision.org, or call 800/204-2776, ext. 105.



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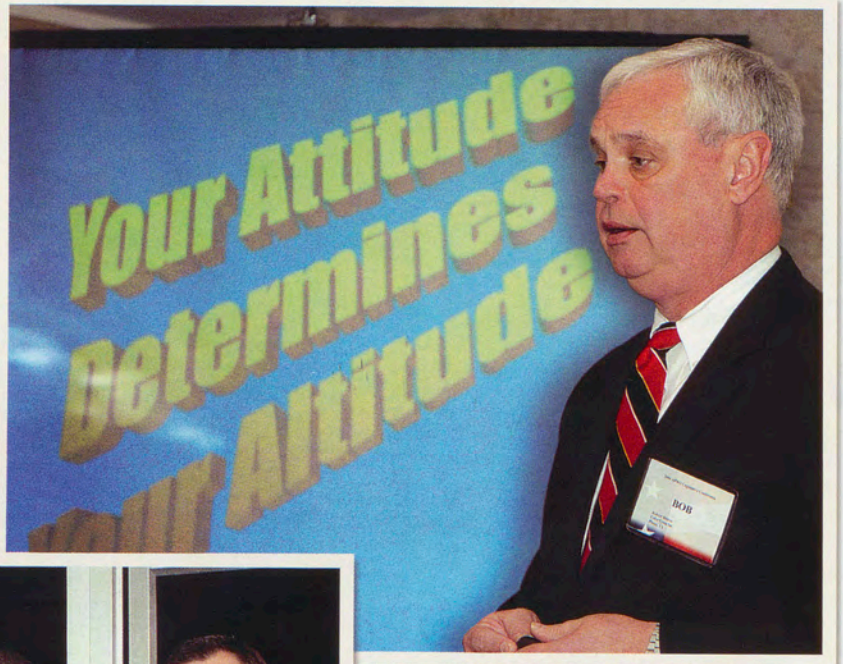
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BUILDING TIES ON CAPITOL HILL AT THE
2006 LEGISLATIVE CONFERENCE

Friends in high places

Thirteen years after rent-to-own industry leaders staged their first legislative conference, nearly 50 APRO members and rental dealers returned to Washington, D.C., in February to share their enthusiasm for rent-to-own legislation with federal representatives. The 2006 Dave Egan Legislative Conference offered a new format—an educational morning seminar before Capitol Hill visits followed by an evening grassroots networking dinner—and record-breaking attendance. ▶ “I was extremely pleased with the format this year,” says APRO Government Relations Committee Chair John Raines. “So far, attendee response to the networking and instructional time has been positive.” ▶ The conference began on February 28 at the L’Enfant Plaza Hotel. ColorTyme CEO Robert Bloom kicked off the conference at the general session with a presentation reminding attendees that a positive attitude—believing in self, recognizing opportunities everywhere, persistence in focusing on solutions and always looking for the good in things—plays a key role in the success of one’s business and in the industry’s goals.



Clockwise from top left: APRO President Shannon Strunk, APRO Executive Director Bill Keese and ColorTyme's Robert Bloom; Stephen Emmer and John Spangle; Robert Bloom; Gloria and Destinee Homeier-Schwien; Strunk with his granddaughter, Kaitlyn Wood; Strunk with Brenda, Larry and Darren Tinney; John Raines.



After the general session, attendees met with their representatives and senators on Capitol Hill in individual meetings. Their goal was to share an important rent-to-own message—that a federal rent-to-own transaction definition would benefit small business, the economy and the three million customers who use rent-to-own annually.

After a full day of work, attendees were treated to dinner at Top of the Town in Arlington, Virginia. The location provided a bird's-eye view of D.C.'s monuments and fostered a great deal of discussion about the productivity of the day's meetings. Following this networking event, attendees were taken on a "Washington After Dark" tour of famous capital sights.

On March 1, some dealers returned to Capitol Hill to conduct further meetings with representatives. A few took the time to meet at the hotel and plan the new format of the industry statistical survey in order to make sure this year's results provide the most pertinent and usable information for APRO's members.

The number of attendees increased over the 2005 legislative conference. Out of the nearly 50 participants, 11 were first-time attendees. "I am especially delighted with all of the 'new blood' working on APRO's legislative efforts," says Raines. "The new participants certainly

raised the enthusiasm of the whole group."

APRO also welcomed some special guests to this year's conference. While attendees came from far and wide, none came quite so far as Stephen Emmer. Emmer is an exchange student from Berlin, Germany, and is the house guest of John Spangle and his wife in Friendswood, Texas. "I wanted Stephen to experience the sights of our nation's capital as a part of his exchange experience," says Spangle. And APRO President Shannon Strunk isn't wasting any time introducing his and his wife, Cynthia's, granddaughter to the legislative process. Two-year-old Kaitlyn Wood went with her grandparents and mother, Lauren Wood, to meetings on Capitol Hill.

Whatever the age or nationality, one thing that attendees took away from this year's event is the importance of the legislative process. "An annual trip to Washington helps cement our ties on the Hill," says Raines. "I cannot stress how important it is for APRO members to develop relationships with their representatives and senators. Recently, longtime APRO member Gary Romine reminded me that 'you don't start looking for a friend when you need one. You better make friends ahead of time.'" ■

Compiled by Shellie Faight, Jeannie Hutchison and Richard May.

2006 Legislative Conference attendees

The following individuals generously gave of their time to come to Washington, D.C., and support the drive for federal rent-to-own definition legislation.

- | | | |
|--|--|---|
| <ul style="list-style-type: none"> • Rich Bartel, Regal RTO • Murray Beck, SKC Enterprises * • Terry Beville, Buddy's Home Furnishings • Robert Bloom, ColorTyme * • Jim and Debbie Brown, ABC Lease, Ownership and Sales for Less • Joe Burchfield and son, Jordy, Right Choice Rentals * • Sidney Burton, Hometown Ventures • Christopher Champion, Aaron's Sales and Lease Ownership * • "Tiger" John Cleek, Cleek's Rent-To-Own • John Cleek Jr., Cleek's Rent-To-Own * • Dan Cole, National Rent To Own • David P. David, Full-O-Pep Appliances | <ul style="list-style-type: none"> • Richard Eichlin, STAR Rentals • Stephen Emmer, guest of John Spangle * • Larry Goad, Zion Rental-Purchase * • Gloria Homeier-Schwien, A Full House * • Destinee Homeier-Schwien, A Full House * • Chris Kale, Rent King * • Terri Lacey, Crusader Rent To Own * • Lyn Leach, Ace Rent-To-Own • Jeff Lebakken, Lebakken's • Ernie Lewallen, UHR Rents • Jeff Loeb, RTO Inc. • Kevin and Angie Quinn, KLO Enterprises • John Raines, Aaron's Sales and Lease Ownership • Richard Rose, RTO Inc. | <ul style="list-style-type: none"> • John Spangle, Partner's Rental Purchase • Shannon Strunk and Cynthia Baber-Strunk, Baber's Inc. • Wayne Sutton, Rent USA • Mike Talley, Talley Rents LLC, dba ColorTyme • Larry and Brenda Tinney, Royal Crown Leasing • Darren Tinney, Royal Crown Leasing • Doug Wills, RTO Inc.* • Mark Windsor, National TV Sales and Rental • Aaron Windsor, Rent Rite • Lauren Wood and daughter, Kaitlyn Wood, Gulf Coast L&P Inc., dba Rent-n-Roll * |
|--|--|---|

* First-time attendees

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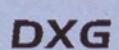
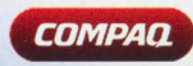
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Lorria

With her seven kids almost grown, Gloria Homeier-Schwien needed a new challenge. She found it in rent-to-own.

For Gloria Homeier-Schwien, a full house is nothing new. A native Kansan, born and raised, she went from being one of four children to having seven of her own. Yes, seven. And with her master's degree—yes, her master's degree—in human resource management and organizational development from Wichita's Friends University, Homeier-Schwien helped support her family, working as a county executive director for the U.S. Department of Agriculture's Farm Service Agency. For 15 years, she implemented farm programs for the federal government. And yes, it's as tedious as it sounds. 🌀 Which is why, once her youngest had reached 15 and Homeier-Schwien had reached her limit, she decided it was time for a change. 🌀 "When I got bored working for the government—because it's not a real challenging job once you get past the first few years," Homeier-Schwien explains, "I decided I wanted to make the move and go out on my own."

An APROfile *by* Kristen Card



Homeier-Schwien's parents, Richard and Ann Cross, had been involved in rent-to-own for more than a decade, owning five Hometown Brand Center stores located in central Kansas and south-central Nebraska. Her dad had been managing a Sears store, but when Sears consolidated and the store closed, Richard and his wife decided rent-to-own was the way to go, and opened up their first store in 1990.

"I had worked in my mom and dad's store, but not much," Homeier-Schwien confesses. "But I was attracted by the challenge of rent-to-own. You can get up every day and there's always something exciting out there and the opportunity to work with so many different people at so many different levels. There's always a new challenge."

Homeier-Schwien, who lives in Russell, Kansas (known for being the hometown of former U.S. Senator Bob Dole), chose Beloit—about a 90-mile commute—as the site of her first store, in order to avoid direct competition with her parents' Russell location. And, with their support, guidance and encouragement, Homeier-Schwien opened her doors for business in 2001, under a company name she felt completely comfortable with: A Full House.

Five years later, A Full House is three stores strong, going on five; stores are thriving in Russell, Pratt and McPherson, with new stores recently opened in Clay Center and Manhattan. Homeier-Schwien says her business' growth has been dictated mostly by that old, familiar feeling.

"What got me to the second store was that my first store manager was doing so well that she had outgrown the need for me to be there," she says. "She was an extremely independent person and took on all the responsibilities of the store, so it was time for me to move on. And when the other stores were financially stable and had good store managers in place, then I moved on, and just keep moving on."

Just as her company's past pattern of growth has been somewhat organic, so is Homeier-Schwien's goal for

future growth.

"My goal is simply to continue to open new stores," she states. "I'd like to be the largest rent-to-own business owned by a woman, but I don't know what the largest one is right now, so I'm not sure what that magic number [of stores] is. I just intend to keep on growing."

"If you want to continue to grow, then you have to be the kind who never wants to get comfortable," continues Homeier-Schwien. "You have to be willing to always change, always explore new ideas, always do different things. If you get comfortable, then the guy next-door might catch up with you, so don't get comfortable in this business, because there's a lot of competition out there."

Homeier-Schwien says a secondary motivation behind her growth goal is building a business big enough so that family members interested in it can become involved in it.

"If everybody wants to come into the business, then I've got to have a place for them to go!" laughs Homeier-Schwien. Three of her younger children already work for her: daughter Memory, 26, performs accounting and administrative duties from a home office; Destinee, 23, manages the Pratt store; and Bobby, 20, oversees the company's lease-service division, traveling from store to store to take care of service issues and update personnel on training. Her three oldest—Justin, Nichole and Tia—have their own separate careers, while Rachael, 21, is studying psychology at Kansas University.

Already a youthful grandmother of four, 48-year-old Homeier-Schwien clearly took on mass motherhood at an early age. Though her first marriage didn't work out, Homeier-Schwien learned some valuable lessons from it—some of which she believes have helped foster her success in the rental-purchase industry.

"I think starting so early in life helps me understand where a lot of rent-to-own customers are coming from," she explains. "I spent a lot of years as a single mother with five children, so I know the financial constraints some of our customers are under. They come to rent-to-own because it fits their budget so well, and I can understand how it can be the only resource that fits their budget. I've been in that financial position before, and I can relate to their thought process."

Not surprisingly, Homeier-Schwien cites a solid financial plan as essential for continuing success and growth. Another key piece of A Full House's success is its one-stop-shop approach, which is especially important with the rural folks who make up much of the company's customer base. Product selection reflects this approach, with stores offering furniture, appliances, electronics and computers, as well as honoring frequent special orders. Payment options are vast and varied, too.



Gloria's family, left to right: Rachael, Memory, husband Jim, Justin, Gloria, Destinee, Bobby, Nichole and Tia.

"We like to run the whole gamut," says Homeier-Schwien. "When you come into one of our stores, from day one, you can do a retail sale, 90-days-same-as-cash, rent-to-own, payday loans, phone service. We're going to find a payment plan that suits your needs. If you can pay cash, then that's great; but if not, then we're going to find something that fits your needs."

Despite its diversity of available options, Homeier-Schwien says about 90 percent of the company's business rests upon rent-to-own, where the name of the game is service, service, service—for both customers and the products they select.

ues. "When a customer comes in the door, we greet them immediately—and not just by asking them, 'What are you looking for today?' because people's canned answer is, 'I'm just looking around,' but by getting to know that customer

"If you want to continue to grow, then you have to be the kind who never wants to get comfortable. If you get comfortable, then the guy next-door might catch up with you."



"We have immediate service," asserts Homeier-Schwien. "If something goes wrong with your product, we don't have to call off-site service people; we can get out there the same day and take care of the issue. It's immediately remedied, and you're not without the use of a product for even 24 hours. It's a big concern among our customers—if they're paying for it, then they want it running right now and working well.

"And of course, customer service is critical," she contin-

when they walk in the door. Getting to know what they do or about their family or something to strike up a conversation and not just immediately try to hit them with the sale. If you get to know a little about them, then you get to know what products will meet their needs."

While customer service is the company's top priority, Homeier-Schwien considers it her personal responsibility to take care of her employees first and foremost.

"My philosophy is, you take care of employees first,"

PHOTOGRAPHS ON PAGES 42-44 BY SPENCER CASEY

she declares. "If I take care of my employees well, then that's reflected in their customer service, and in the way they take care of my business for me. It's how you bring people on board and how you treat them that follows through. If you take care of employees first, then they take care of you, and the rest will fall into place."

In addition to traditional benefits and incentives, employees of A Full House enjoy a sociable sort of family oriented team environment. Homeier-Schwien maintains an open-door policy, offering a listening ear and free advice whenever it's sought. And employees from all three stores get together for an annual camping trip at nearby Lake Wilson; according to Homeier-Schwien, the outing has yet to glean less than 100 percent turnout.

Homeier-Schwien, a self-described "people person," enjoys a spirit of camaraderie, whether it's among her family members, her colleagues, or her contemporaries within the rental-purchase industry. Which is why Homeier-Schwien made sure A Full House was a member of the Association of Progressive Rental Organizations from day one.

"I had some involvement with APRO prior to getting into rent-to-own because my mom and dad took me to a couple of the conventions with them," remembers Homeier-Schwien. "But once I went into business on my own, I listened so much more intently, because the people there have been in business for a lot of years; they've gained their level of success and maintained their level of success through making a lot of the right choices. So it's very valuable to listen to what they have to say."

A few years ago, Homeier-Schwien and some of her Kansas colleagues considered revitalizing the state's trade association for rental dealers, but the movement never materialized. Last year, though, Kansas and other surrounding states were invited to merge forces with the Missouri Rental Dealers' Association—by all accounts a well-put-together and active group that turns a decade old this year—for the mammoth Heartland of America Regional Trade Show. A multi-state success, the event's 2006 encore is scheduled for mid-June.

Meanwhile, some Kansas rental dealers, including Homeier-Schwien, plan to meet with their own state lawmakers and begin building those relationships.

"We want them to know the rental-purchase industry brings millions of dollars of business into the state," Homeier-Schwien elaborates. "We want to let them know who we are, so that if there's ever an issue, then they already know who they can call."

Homeier-Schwien also attended APRO's Dave Egan Legislative Conference for the first time this year, accompanied by daughter Destinee, "so she can learn the importance of [APRO] early," says Homeier-Schwien.

"For a rent-to-own dealer, [APRO] is extremely important," she continues. "Where else are you going to glean all that knowledge? The legal knowledge, the knowledge of all the other dealers, somewhere to talk to all your vendors? Here in Kansas, where am I going to go to get all that? It's not available. There's nowhere else you can go and have all those resources right there for you."



“One of my professors once told me, 'If you want to stay ahead of the game, then you've got to be willing to get up earlier and work harder,'" Homeier-Schwien recalls. "And if you want to continue to grow, then you've got to be willing to put in the extra hours. Luckily, I don't like to get bored; I like to stay very, very busy."

Asked what her average work week is like, Homeier-Schwien answers plainly, "Long." Her work days, she confesses, tend to extend into evenings at home, with many nights spent up on the computer checking her stores' progress toward company goals.

Homeier-Schwien's husband, Jim, for better or worse, also works long hours as a grain and cattle farmer. Raised on a farm in a farming family, Jim still works alongside his father and brother daily, from sunup to sundown.

"He's well-suited for the farm and is very happy with it," notes Homeier-Schwien. "And our jobs, hour-wise, match pretty well. He's very supportive of what I do—or I wouldn't be able to do it."

That sort of familial support seems to be an essential ingredient for Homeier-Schwien—something that feeds her drive to succeed, something she has always needed and feels grateful to have always received.

"My parents definitely encourage me to continue to grow and succeed at everything," she says. "They press me toward success, and yes, they're very proud of me."

"I was raised with the belief that I could do anything in life, regardless of your gender or anything," she continues. "My parents never drew limitations, and it helped me become the person I am. I'm proud of where I'm at right now; I've exceeded my goals, and earlier than I expected. I think it's because that philosophy has followed me—the sky's the limit, because nobody ever told me otherwise." ■

Kristen Card is an independent business writer in Austin, Texas.



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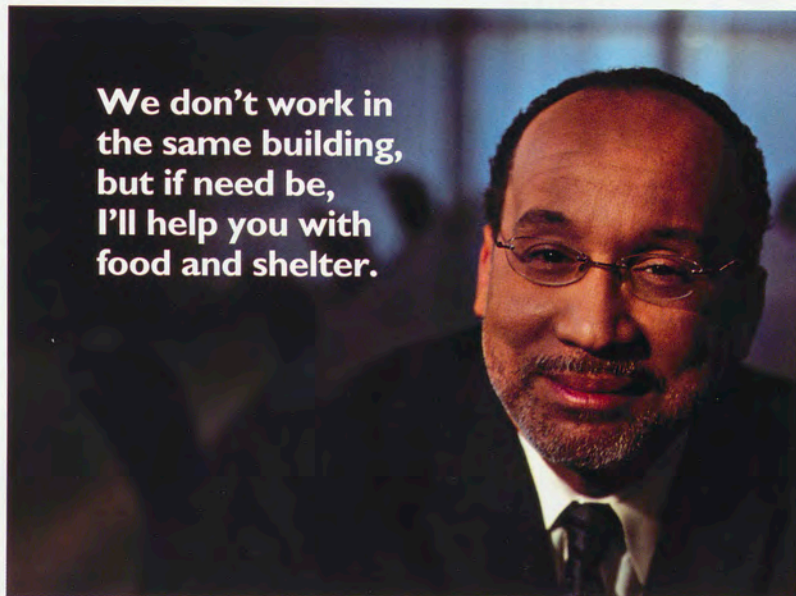
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Tornadoes, earthquakes, floods and hurricanes have devastating affects on Americans every year. Sometimes we hear more than we want about certain disasters in the press and on television. They are such frequent occurrences that perhaps we don't pay much attention to them anymore. However, until we personally experience such a disaster we can't completely understand the real consequences that are brought into the lives of so many.

When Hurricane Katrina struck last year, APRO had a non-profit foundation established to be the vehicle for help. The overwhelming mem-

Helping our own

ber response the disaster was heartwarming and appreciated by rent-to-own families in all affected states. The concept for our disaster relief came from APRO member Larry Sutton. His home state of Florida suffered from four major hurricanes in recent years, leaving a trail of destroyed homes, businesses and lives in their paths.

Due to the generosity of APRO members—large and small companies, state associations, TRIB Group, vendors and individuals—APRO's foundation was able to send monetary relief within 48 hours of our initial solicitation for funds! In total, we raised \$178,363.51 and distributed that money to more than 150 RTO employees over a 13-week period.



By TERRY BEVILLE
APRO board member

Why am I talking about natural disasters in an ethics column, one might ask? We hear much about values in today's world. Sometimes what we hear doesn't have much influence in our daily lives. This discussion is different. This is about who we are as members of an outstanding industry and association and how we go about making our industry better. It is about taking responsibility for our own.

Along with the rest of the APRO board of directors, I believe creating a permanent disaster relief fund to help RTO employees in the event of future natural disasters is simply the right thing to do. At our board meeting in Tucson, your APRO board voted unanimously to create a permanent disaster relief fund.

This permanent fund will be available to assist APRO member employees with any natural disaster that occurs in the United States. Next-day cash funds can and will be made available without any red tape or delays. Volcanoes, floods, tornadoes, hurricanes—any natural disaster that is declared so by the president of the United States—will qualify for employee assistance from APRO's Disaster Relief Fund.

Although we have not completed the campaign to promote the continuation of this invaluable service for our members and their employees, I am convinced that all member company owners should be able to accept and understand the simplicity of the plan behind the campaign and why they and their employees will be able to fully support it. A one-store operator can guarantee his/her employees something that previously only employees of the national rent-to-own chains were able to have available for them. For less than a dollar a month, contributors to the fund can truly say that they are "RTO employees helping employees of RTO" and that has to be a great feeling for all of us.

We have always been an industry that shares information, ideas and resources. We have a history of helping one another in times of trouble. We have stood shoulder-to-shoulder in our efforts to educate the IRS and Congress on the correct way to tax our industry. We have all worked together to educate and inform state legislatures about the facts of our transaction and to secure laws that are fair and just for our customers and ourselves. It is a natural extension for all of us to commit the time and the resources to help our employees who will be faced with the catastrophes of natural disasters that will occur.

We don't know when or where the next disaster will occur. It could be flooding in the Midwest or tornadoes in the America's heartlands. Like everything else we've faced together, shouldn't we be prepared? ■

Terry Beville is vice president and CFO of Bi-Rite Co, dba Buddy's Home Furnishings, in Tampa, Florida.

"This is about who we are as members of an outstanding industry and association and how we go about making our industry better. It is about taking responsibility for our own."

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