

CITY OF HAMILTON

M O T I O N

Council Date: September 23, 2015

MOVED BY COUNCILLOR S. MERULLA.....

SECONDED BY COUNCILLOR

REGULATING RENT TO OWN ESTABLISHMENTS

WHEREAS the Province of Ontario's Ministry of Government and Consumer Services is responsible for the *Consumer Protection Act* which regulates rent-to-own businesses;

WHEREAS Canadians shell out \$260 million every year for rent-to-own products, for items that are essential to their living, often paying exorbitant prices that would not be allowed in some U.S. states;

WHEREAS rent-to-own establishments target low-income and credit constrained consumers offering low weekly and monthly payments;

WHEREAS not a single Canadian province has enacted legislation that is specific to rent-to-own establishments in order to regulate the need for more transparent advertising that discloses contract fees, such as late fees and service fees and the annual percentage rate (APR);

WHEREAS the use rent-to-own establishments in Hamilton are a significant consumer protection issue identified by the Hamilton Roundtable for Poverty Reduction and neighbourhood and community groups; and

WHEREAS it is important that customers of rent-to-own establishments have a complete understanding of the written disclosure statement they are to receive prior to signing of the lease or making a payment, which must include: the length of the lease term; the amount, timing and number of payments to be made; "implicit finance charge," sometimes called the total cost of borrowing and the annual percentage rate (APR).

THEREFORE BE IT RESOLVED:

- (a) That the Mayor be authorized to forward correspondence to the Province of Ontario, to the attention of the Minister of Government and Consumer Services, requesting that legislation be enacted to regulate rent-to-own establishments to protect rent-to-own customers by requiring more transparent advertising that would include the total cost of the rental and the cash price of the product and require stores to give consumers a copy of the contract prior to the point of purchase; and
- (b) That provincial regulations covering collection agencies be extended to all debt collectors including rent-to-own operations.