

**OPENING REMARKS OF THE HONORABLE RUBEN HINOJOSA
COMMITTEE ON FINANCIAL SERVICES
SUBCOMMITTEE ON FINANCIAL INSTITUTIONS
HEARING ON RENT TO OWN INDUSTRY
JULY 26, 2011**

Chairman Capito, thank you for calling this hearing today to discuss issues impacting the Rent to Own (RTO) industry and its potential treatment under the Wall Street Reform and Consumer Protection Act.

I am a co-sponsor of H.R. 1588, “the Consumer Rental Purchase Agreement Act” introduced by Congressman Canseco and Congressman Clay.

Consumers and businesses will be better served if we resolve finally the question of whether the RTO transaction is a lease or a sale and provide consumer protections that fit the terminable nature of the agreement.

Consumers need options, including rent-to-own. Credit may work for some people, but for consumers with limited cash and limited access to credit, the ability to terminate the transaction and then later reinstate is a great advantage. This could not be more true than in my district along the Texas-Mexico border in which a considerable percentage of my constituents operate in a cash society, especially those who reside in what are known as “colonias” -- unincorporated areas that tend to have no running water, no sewage treatment, no electricity, and dirt roads. They are in desperate need of assistance, especially access to mainstream jobs that ultimately will allow them to establish their own credit record and purchase goods using their own credit, instead of having to rely on the RTO industry. In the interim, the RTO industry fills a void and provides a necessary service to these individuals and to low- and middle-income Americans.

Surveys have found a relatively high level of customer satisfaction with rental-purchase transactions, suggesting that the rent-to-own industry does provide a service that meets the needs of certain consumers. The Federal Trade Commission (FTC) has indicated that it has received few complaints about the RTO industry over the past ten years, thereby indicating that there is little fraud and/or dissatisfaction with the RTO products.

Enacting a uniform federal standard on RTO services would provide certainty to the RTO industry, thereby increasing economic and job growth and promoting competition in the industry.

H.R. 1588 would not preempt most state RTO regulations, and would increase consumer protections and disclosures in a number of states.

For these reasons and more, I encourage my colleagues to co-sponsor the legislation and work with this Subcommittee and today's witnesses to ensure the end product both helps the RTO industry, protects consumers, and is treated appropriately if deemed to fall under the purview of the Consumer Financial Protection Bureau.

I yield back the remainder of my time.