

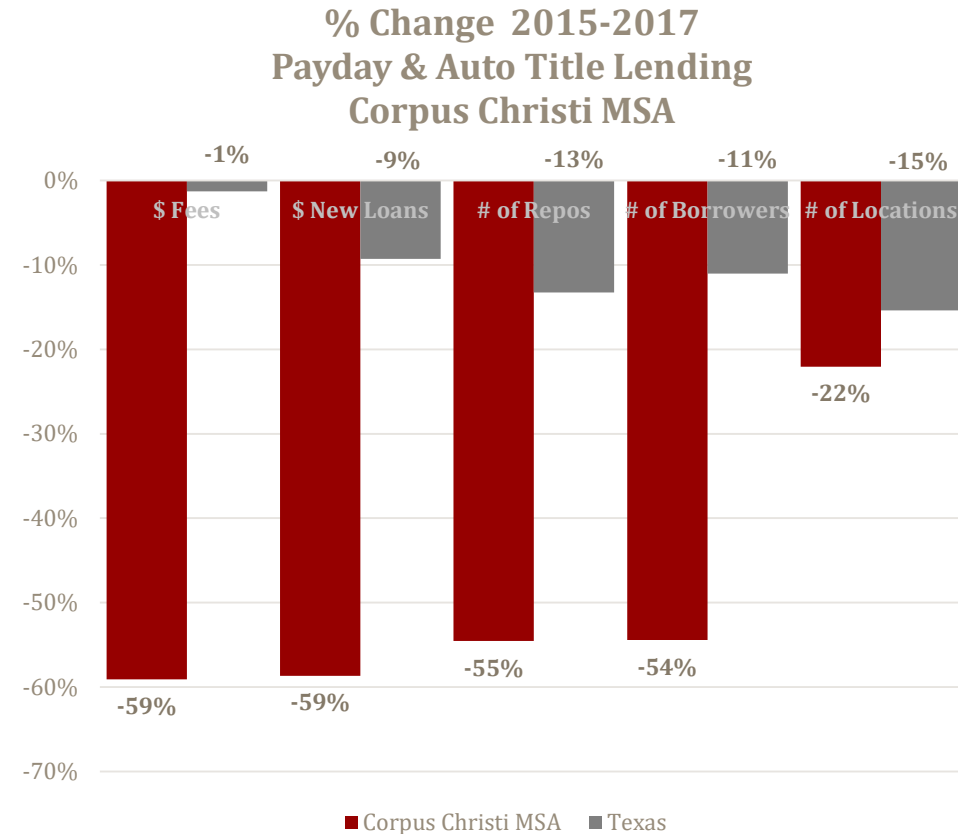
PAYDAY AND AUTO TITLE REFORM

What To Expect in the Coming Year



GOOD NEWS SO FAR AT THE LOCAL LEVEL

- **City policies are making a difference**
 - Example of local impact:
 - Since local ordinance passed in Corpus Christi in 2015, fees and repos down by more than **50%**.
 - **486** fewer families lost a car to auto title loan;
 - **\$17 million** less spent on loan fees.
- **Litigation to date all supports city ordinance authority.**
 - Sept. 21, 2017, Travis County Court at Law Number 2, in a criminal court appeal, issued two detailed opinions asserting that the city payday and auto title reform ordinances are not preempted.
 - June 16, 2016, Texas Supreme Court affirmed a state appeals court ruling in favor of the cities that closed off civil court challenge to the ordinance.
- **Grand Prairie adopted the ordinance, in early 2018, bringing total to around 45 cities.**



THINGS COMING DOWN THE PIKE AT THE STATE LEVEL



- **Finance Commission Agencies** going through **Sunset process**.
 - **For** expanded oversight of online lending
 - **Against** move by finance companies to raise their rates (currently averaging 45% APR to over 100% APR for consumer loans)
 - **For** leaving municipal ordinances alone

On Other Fronts...

- **Defend against preemption attacks**
- **Defend against efforts to make consumer credit more expensive in Texas**
- **Advocate for improved market standards**
- **Fintech Sandbox**



AND....AT THE FEDERAL LEVEL

- CFPB adopted final payday and auto title lending rule in October of 2017—effective August 2019.
 - Effort to vote the rule down in Congress failed (through Congressional Review Act)
 - New leadership has announced that the rule will be reopened this coming Spring—for a new rulemaking process.
 - Current pending litigation, filed by CSAT and CFSAA against the CFPB in federal court in Austin, charging that the agency is unconstitutional and the rule effectively caps their rates, among other assertions.
 - Cooperative Baptist Fellowship submitted a motion to interview in the lawsuit last week, in support of the rule.
- Multiple failed efforts in Congress to preempt state usury laws or otherwise support uncapped payday lending. Assaults are ongoing, but have not had the traction to succeed so far...
- Banking and Credit Union regulators reexamining standards for financial institution small dollar lending.



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