

**BOARD OF CHOSEN FREEHOLDERS
COUNTY OF HUDSON**

R E S O L U T I O N

No. _____

On Motion of Freeholder _____
Seconded by Freeholder _____

**RESOLUTION URGING THE CONSUMER FINANCIAL PROTECTION BUREAU (CFPB) TO
ISSUE THE STRONGEST POSSIBLE RULE TO ADDRESS PREDATORY PAYDAY AND
CAR TITLE LENDING TO BOLSTER, AND NOT UNDERMINE, NEW JERSEY STATE LAW
AND PROTECT THE CITIZENS OF OUR COUNTY FROM UNFAIR, DECEPTIVE, AND
ABUSIVE LENDING PRACTICES**

WHEREAS, New Jersey currently has one of the strongest laws in the country to protect consumers from predatory payday loans, with a strict and reasonable thirty percent (30%) usury cap on interest and fees that lenders may charge borrowers; and

WHEREAS, predatory payday loans carry extraordinarily high interest and fees are made based on the lender's ability to collect the loan through access to the borrower's bank account on payday, rather than the borrower's ability to repay the loan without experiencing further financial problems; and

WHEREAS, predatory payday loans have devastating effects on borrowers, leading to delinquencies on other bills, overdrafts on bank accounts, and bankruptcy, as well as negative impacts on communities, draining the economy of nearly \$1 billion every year in consumer activity and increasing the need for food assistance and charitable relief services; and

WHEREAS, New Jersey, New York, Pennsylvania, eleven (11) other states and the District of Columbia, altogether comprising a population of 90 million people, effectively prohibit payday lending and are much better off without this financial product. The Center for Responsible Lending estimates that consumers in New Jersey alone would be paying more than \$340 million in fees payday lenders annually if not for the state's strong usury cap; and

WHEREAS, despite New Jersey's strong usury cap, companies continue to facilitate illegal payday lending, whether by generating leads, advertising, or processing payments for payday lenders, and are engaging in unfair, deceptive, and abusive practices in our state that trap New Jersey consumers into endless cycles of debt; and

WHEREAS, on June 2, 2016, the Consumer Financial Protection Bureau (CFPB) issued a proposed national rule, meant to eliminate abusive payday and car title lending. The rule, though a good start, includes loopholes that could undermine strong state usury caps and other consumer protection laws, like those in place in New Jersey. The proposal gets the fundamentals right by establishing an ability-to-repay principle at the core of the rule, based on a consumer's income and expenses. However, the proposal exempts six high-cost payday loans from an ability-to-repay requirement altogether. It also fails to provide explicit reinforcement of debt trap prohibitions and bans in states like New Jersey; and

WHEREAS, the public has until September 14, 2016 to write Bureau Director Richard Corday with comments on the proposed rule; and

WHEREAS, the danger of the CFPB's weak payday lending proposal is evident in the fact that payday loan industry representatives are deliberately misrepresenting the meaning and intent of the rule to push for legalization in states that currently prohibit high-cost payday lending; and

WHEREAS, the CFPB cannot issue a national usury cap but can issue a strong payday rule free of loopholes that would bolster and not undermine New Jersey law by requiring that for all loans, without exception, the lender must assess the potential borrower's ability to repay the loan based on the person's income, existing obligations, and living expenses. The CFPB can also declare any violation of state law, such as the marketing of illegal loans or applying usurious interest rates, as an unfair, deceptive, and abusive act or practice; and

WHEREAS, more than twenty-five (25) organizations from across New Jersey sent a letter to Bureau Director Cordray, urging him to issue the strongest rule possible and to declare any violation of our state's usury and other consumer protection laws an unfair, deceptive, and abusive practice. Signatories to the letter included the Anti-Poverty Network of NJ, Latino Action Network, New Jersey Citizen Action, New Jersey Communities United, New Jersey Council Of Churches, New Jersey NAACP, New Jersey NOW, New Jersey Policy Perspective, New Jersey Progressive Democratic Caucus, New Jersey Tenants Organization, NJ Working Families Alliance, and St. Paul's Lutheran Church (based in Jersey City); and

WHEREAS, the Hudson County Board of Freeholders supports efforts to protect Hudson County consumers from unfair, deceptive, and abusive lending practices.

NOW, THEREFORE, BE IT RESOLVED that the Hudson County Board of Chosen Freeholders urges the Consumer Financial Protection Bureau to issue the strongest possible rule to address predatory payday and car title lending that will bolster, and not undermine, New Jersey law and protect the citizens of our County from unfair, deceptive, and abusive lending practices; and

BE IT FURTHER RESOLVED, that a copy of this Resolution be forwarded to the Consumer Finance Protection Bureau Director Richard Cordray.

Freeholder	Aye	Nay	Abst.	N.P.	Freeholder	Aye	Nay	Abst.	N.P.
Balunir					Rodriguez				
Cifelli					Romano				
Kopacz					Vainieri				
Maldonado					Chairman Rivas				
O'Dea									

It is hereby certified that at a regular meeting of the Board of Freeholders of the County of Hudson held on the _____ day of _____ A.D. 2016, the foregoing resolution was adopted with members voting in the affirmative and _____ in the negative.

_____, Clerk

APPROVED AS TO LEGAL FORM

BY: _____
 DONATO J. BATTISTA
 HUDSON COUNTY COUNSEL