

TOWNSHIP OF MAPLEWOOD



RESOLUTION NO. 157-16

RESOLUTION

Urging 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 will protect the citizens of our Township 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 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 where legal, draining nearly \$1 billion every year in economic activity and increasing usage of food assistance and charitable relief services; and

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

WHEREAS, the New Jersey Pension funds divested from harmful payday loans

WHEREAS, Despite New Jersey's strong 30% usury cap, companies facilitate illegal payday lending, whether by generating leads, advertising, or processing payments for payday lenders, are

engaging in unfair, deceptive, and abusive practices in our state and continue to trap New Jersey consumers into endless cycles of debt; and

WHEREAS, the danger of the weak payday lending rule the Consumer Financial Protection Bureau as currently proposed 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, More than 25 organizations from across New Jersey sent a letter to the Consumer Financial Protection Bureau's Director, Richard 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 act or practice and the letter signers 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, St. Paul's Lutheran Church (Jersey City); and

WHEREAS, the Consumer Financial Protection Bureau 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; and

WHEREAS, the Consumer Financial Protection Bureau can declare any violation of State, such as the making or marketing of illegal loans, usury and other consumer protection laws an unfair, deceptive, and abusive act or practice.

NOW, THEREFORE, BE IT RESOLVED, by the Township Committee of the Township of Maplewood, County of Essex, State of New Jersey, that:

1. The Consumer Financial Protection Bureau is urged to issue the strongest possible rule to address Predatory Payday and Car Title Lending that will bolster and not undermine New Jersey law and will protect the citizens of our Township from unfair, deceptive and abusive lending practices.
2. That a copy of this Resolution be provided to the Consumer Financial Protection Bureau.

I, Elizabeth J. Fritzen, Township Clerk of the Township of Maplewood, in the County of Essex and State of New Jersey, do hereby certify that the foregoing is a true and correct copy of a

Resolution adopted by the Township Committee of the Township of Maplewood, County of Essex,
State of New Jersey, at a regular meeting of said Committee held on August 2, 2016.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the
Township of Maplewood in the County of Essex and State of New Jersey, on this 2nd day of August
2016.

ELIZABETH J. FRITZEN, R.M.C.
Township Clerk