

Consensus Questions

Payday & Auto Title Loans in Texas

A study by the League of Women Voters of Texas Education Fund 2014–2016

1. Which one of the following four policy options most closely expresses your view? (Select one)

The League of Women Voters of Texas (LWV-TX) should support:

- a. Continued operation of payday and auto title loan companies under current state law/regulations.
- b. A successful small dollar loan market that maintains access to affordable credit while safeguarding consumers.
- c. Prohibition of all payday and auto title loans whose combined interest and fees exceed the state consumer lending rate limits.
- d. Prohibition of all payday and auto title loans whose combined interest and fees exceed the limits set by the Military Lending Act.

Comments:

2. Should the LWV-TX support upholding the legality of local city ordinances that regulate credit access businesses through registration and loan affordability standards? (Select one)

- a. Yes
- b. No

Comments:

3. Should criminal charges/penalties for unpaid payday and title loans be: (Select one)

- a. Explicitly prohibited,
- b. A misdemeanor,
- c. A felony, or
- d. Other? (Please explain) _____

Comments:

4. What additional consumer credit regulations, if any, do you recommend related to small dollar loans? (Select all that apply)

- a. Require payday and auto title loan companies to assess the borrower's ability to repay the loan
- b. Increase regulation of loan repayment and collection practices
- c. Remove incentives for lenders to encourage borrowers to refinance their loans
- d. Establish a state-administered database for mandatory tracking of small dollar loans
- e. Prohibit short-term, lump-sum payday and title loans
- f. Other (please explain) _____

Comments:

5. What financial education measures, if any, do you recommend to increase the ability of consumers to successfully use small dollar loan financial products? (Select all that apply)
- a. Increase effectiveness of the required concise, standardized disclosure of periodic and long-term costs of small dollar loans
 - b. Strengthen the Texas public school personal financial literacy course requirement to include the use of small dollar loans to meet needs for immediate cash
 - c. Require lenders to refer clients seeking renewal/refinancing of their loans to free consumer credit counseling services
 - d. Other (Please explain) _____

Comments:

6. What additional measures, if any, do you recommend to prevent long-term debt by borrowers in need of immediate cash? (Select all that apply)
- a. Financially support the development and expansion of initiatives to increase the use of bank accounts by low-income individuals
 - b. Provide financial incentives for the development and availability of alternative small dollar products—affordable loans with sustainable repayment arrangements—by traditional financial institutions (banks, credit unions), licensed lenders, employers, and nonprofit organizations
 - c. Other (Please explain) _____

Comments:

7. How should the preventive measures selected (if any) in Question #6 be funded? (Select all that apply)
- a. Local government
 - b. State government
 - c. Federal government
 - d. Private sector

Comments:

Other comments or feedback to the LWV-TX Board of Directors related to the Payday and Auto Title Loans Study in Texas: