

PROTECT CONSUMERS FROM HARMFUL PREDATORY LOANS

SUPPORT THE MOTOR VEHICLE TITLE ACT!



THE PROBLEM

Some small-dollar lenders prey on financially insecure consumers by providing high-interest quick cash loans that trap consumers in a cycle of debt. Georgia usury law caps the interest rate on most small consumer loans, but a legal loophole allows car titles to be “pawned” at interest rates as high as 300%, rates that would otherwise be considered usurious.

The Department of Defense (“DOD”) witnessed the harms of these high cost loans on military servicemembers and their families. Now, the Military Lending Act makes it illegal to charge active-duty personnel an interest rate higher than 36%. These protections do not extend to veterans and non-military Georgians. According to a poll conducted in March 2019, **83% of Georgians statewide believe there should be a cap on the interest rates** lenders can charge for these car title loans. We believe Georgia should follow in the DOD’s footsteps and protect all Georgians from these risky products.



Ronald and his wife borrowed \$2,000 from a title lender to help with mortgage payments, but they had a tough time making the \$245 per month payment that went “just to interest.” They ended up paying over \$6,000 on the \$2,000 loan. To make matters worse, the car they used to secure the loan stopped running. They wanted to trade the car in, but the title lender held the title, leaving Ronald and his wife no choice but to rent a car for over 10 months so that his wife could get to work. **Photo courtesy of WABE.**

THE OPPORTUNITY

Senate Bill 329, also known as the **Motor Vehicle Title Loan Act**, would protect Georgians from harmful loans by:

- Closing legal loopholes to ensure that cash loaned in exchange for a car title is treated as a “loan” rather than a “pawn”;
- Bringing title lending into compliance with current small-dollar loan industry standards;
- Capping interest rates on car title loans at 36% APR to protect all Georgians, including veterans, not just actively serving military;
- Leveling the playing field for Georgians by bringing uniformity to title loans across the state.

Please protect Georgians from dangerous, predatory loans by supporting SB 329.

74.4%

of title lenders operate in areas with poverty rates above the national average.

1 in 5

borrowers who obtain a car title loan has their vehicle repossessed.

\$199M

in fees paid by Georgians per year to car title lenders.