

## Vic Pallotta, Cuyahoga Falls City Council

Chairman Oelslager and members of the committee,

My name is Vic Pallotta and I am Republican member of the Cuyahoga Falls City Council. Thank you for considering H.B. 123. It is decade past due for the state legislature to take action on this issue.

During my 1st year on city council I came across a young mother of 5 who was going to lose her car due to loans which she took out in order to keep a roof over her family and food on the table. She was working 3 jobs at the time. She was striving to do the right thing. Pay her bills on time, and provide for her family.

But the loan was impossible to pay back. She simply couldn't afford it, while still meeting her other expenses. The traditional notion that lenders are obligated to make sure that the borrower can repay the loan, was disregarded by these lenders. In fact, that is the payday lenders' business model. Trap borrowers in debt, and keep the borrower coming back to renew the unaffordable loans in order to generate profit from the fees. These loans don't pay down over time like standard loans do.

When I tried to find out how I might be able to help, I found out quickly that the municipality cannot create their own consumer protection legislation- this must come from the state- and we've been waiting for over a decade for this legislative body to fix this problem once and for all. It is essential that the state act to put safeguards around the loans, so that these loans can be paid back with affordable payments.

I have tried to find a safer loan alternative for our citizens who are working but struggling financially and we have been successful in providing borrowers some relief. Our city council and administration forged a partnership with a lower-cost employer-based lender called True connect. They have an outstanding record and our proposal to the council passed unanimously. Our city now has a safe loan program for our employees that might otherwise turn to the payday lenders.

I will say that it's difficult for responsible lenders and alternative programs like TrueConnect to compete with the payday lenders who are on virtually every street corner. One reason that I support HB123 is that it will level the playing field. We must ensure that lower-cost lenders have a chance at reaching borrowers without the tricks and traps that the payday lenders use to lure in customers and keep them coming back.

I will continue to fight against the usury and the devastation that pervades until these high-cost lenders are kept in check. We are glad that our local safe loan initiative is proving relief. But that is no substitute for the rule of law. Ohio's law is failing and HB123 fixes that.

Affordable payments, reasonable time to repay, and capping the total fees that lenders can charge

We know that with the appropriate laws in place- it is possible to get credit to people who are working while ensuring that they can afford to repay on fair terms. That is exactly what H.B. 123 is designed to do. Now it's time to take responsibility and pass it without delay or amendments that only benefit unscrupulous lenders.