

Proponent Testimony
House Bill 123
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Mr. Chairman, members of the Finance Committee. Thank you for this opportunity to testify on behalf of and offer my wholehearted support for House Bill (HB) 123, as introduced.

My name is Cherish Cronmiller. I am a licensed attorney in Ohio and the President and CEO of Miami Valley Community Action Partnership. Miami Valley CAP is a 501 (c) 3 private, nonprofit Community Action Agency based in Dayton, Ohio, committed to eliminating the causes and conditions of poverty and promoting self-sufficiency by providing programs and services in the Miami Valley. We have offices in four counties and provide weatherization services in nine counties.

I see every day the way our customers, and even our staff members, are affected by payday and title loans. Our housing counselor reports that more than one-third of our customers who are in default/delinquent on their mortgages or in foreclosure also have payday loans. Customers take these loans because they are in financial distress, and the loans are structured with unaffordable payments that make it very difficult to dig themselves out of the proverbial hole and meet their other financial obligations.

We have a gentleman currently in our Darke County shelter that came to Ohio from Texas with the promise of a job offer when he arrived, but the opportunity fell through. He went to a lender in Greenville, Ohio who offered him a loan of \$300 that would require him to pay back \$800 in fees, so \$1100 total. With our assistance, he just got approved for Social Security, so he received a lump sum payment and quickly paid his loan off early, which never would have been possible under the terms of the original loan because the lender did not account for his income and ability to pay it back. The lender knows that that people will continue coming back to repay and reborrow because of the strong collateral that they take, which they use to offset their risk. In this case, the lender has yet to return his auto title that he put up as collateral. That very strong collateral and the leverage that the lender has is at the heart of the problem today and why borrowers are making payments even though it decimates their household budget.

Even one of our staff members has gotten trapped in high-cost payday and auto title loans. For some context, before law school, I worked as a collection agent for a credit card company and I thought that I would be able to be helpful to my colleague; but these lenders have made clear that they have no interest in working out realistic terms for the loan. Just like in other states where lenders say they offer free payment plans, they have made it very difficult to get relief.

HB 123's approach would have prevented this problem by ensuring that all loans have affordable payments from the start.

These companies prey on borrowers who are in financial distress today, but it does not have to be this way. The very same companies are charging lower prices and affordable payments under similar terms to HB 123. Meanwhile, in Ohio, they are able to set up loans with very large payments to keep the borrower coming back to renew. While the customer who goes to take out a two week or month-long loan does not know that the lender expects them to come back for months on end, the lender expects and relies on that. This is how they are trapped in a horrific cycle. In the case of auto title loans, borrowers can lose their cars that they need to get to work and a horrific cycle that can including eviction, bankruptcy and wage garnishment.

I am begging you to pass the core consumer protections in HB 123. Thousands of people need you to ensure that lenders cannot sidestep the law and ensure that borrowers are set up for success and self-sufficiency, not failure like today. HB 123 is similar to regulations passed by other states, as we have heard about Colorado, and it is even a bit more flexible. I was in Colorado less than a year ago meeting with other Community Action Agencies, and I can assure you, there are still plenty of payday lenders in business there.

Please pass HB123 to help us keep millions of Ohioans self-sufficient, while still having access to credit on safer terms. Please keep hard working people from showing up at our doorstep in such dire circumstances because of a broken loan product.

Thank you for your time. I'm available to answer any questions.