

# Helping Borrowers

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VPLC



**Mission: End Systemic Poverty in Virginia**

In partnership with low-income Virginians, we Advocate for Access to Civil Justice and work to end systemic Racism:

**Advocate for Family Stability**

**Promote Healthier Communities**

**Promote Economic Justice**

***ADVOCACY TRAINING LITIGATION***



# VPLC Predatory Loan hotline

- Since December 2008 – Thousands of calls about online and storefront loans
- This past summer 125 calls alone
- 80% of calls are about internet loans and scams online
- Great place to help those suffering with loan effects and get stories.
  - “My phone and email blew up after I applied for a loan”
  - “I keep paying but the principal never goes down”
  - “I need to get them out of my bank account”
  - “I got a loan 4 years ago and someone is calling and threatening arrest if I don’t pay now”

# What you need to know to help individual borrowers on any loan

- The usury law in your state-payday, installment, open-end, and/or car title loans
- Debt collection law
- What happens when you stop paying
- The law about tribal sovereign immunity
- What is your state doing about it? Your AG? Your Regulator?
- Where to complain: (and EVERYONE should complain or tell their story)



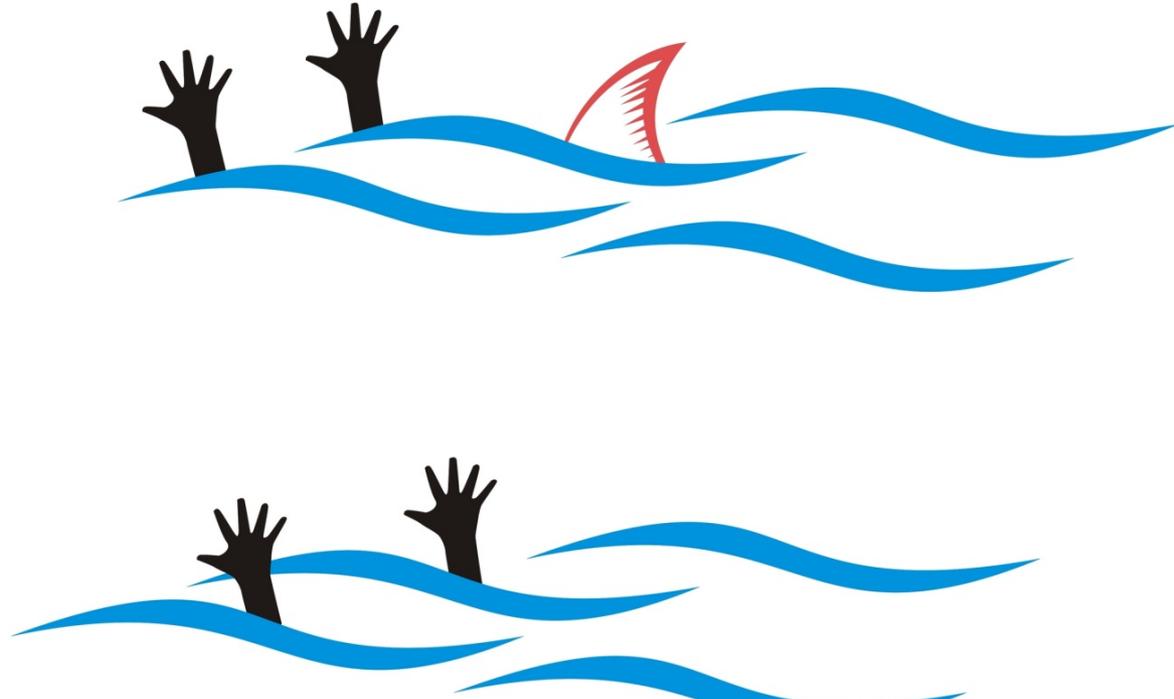
# What We Ask Our Internet Loan Clients

- Lender(s) or debt buyer giving them the issue they are calling about.
- Ask how they got the loan
- Ask for when they got the loan(s)/When harassment began
- Get information about all other predatory loan issues, not just what they are calling about. Can be a good place for issue-spotting.
- We ask why they took out the loan - Not as a judgement
- Would they be willing to share their story with others, even anonymously?
- Have they checked their credit report recently?



# What Can Consumers Do?

**Help!!!**





# Legal Loans

## How to deal with them

- Payday or Car title
  - Typically an exception to your state usury law
  - Look for typical violations of the statute
  - Look for similar loans that evade the statute
- Certain open-end credit
  - Miscalculating interest; No grace period given
  - Securing to bank account(just another form of payday loan?)/requiring automatic payments

# Legal Loans

- Payday/Open-end Credit
  - First, Stop the Bleeding! Get the lenders out of their bank account
- Car title
  - If Client still has the vehicle
    - Make sure all personal items including the contract are removed.
    - Just representing someone can stop the sale for a short time, while the client gets money together or another plan is made
  - If the vehicle has already been repossessed
    - Time clock before Sale
    - Money to get vehicle back will include repossession fees and storage fees
    - Sometimes better to have client cut their losses
- Any law violations?
- Debt Collection Violations? Repo tow truck operators – breeching the peace?
- Any other questionable activity?

# Illegal Loans

- Paydayfreelandia
- Usury Limits
- Licensure Requirements/Tribal Lending
- Internet payday (balloon payment), Certain Internet Installment or Some versions of open-end credit loans
  - Skirting/circumventing state usury laws
  - Debt Collection Violations
  - Buying, trading, selling of borrower personal information through lead generators
  - Tribal loans included

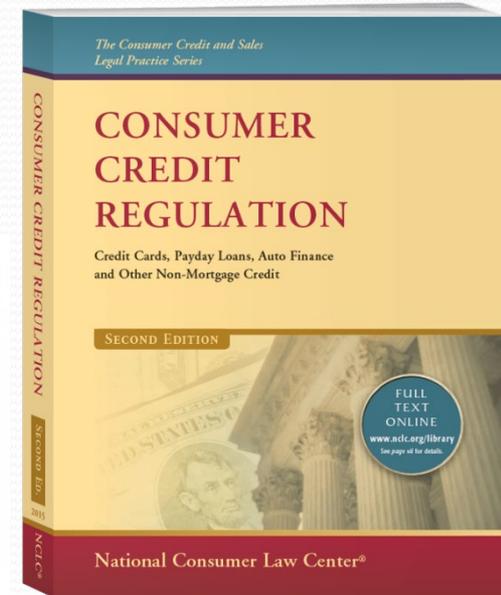
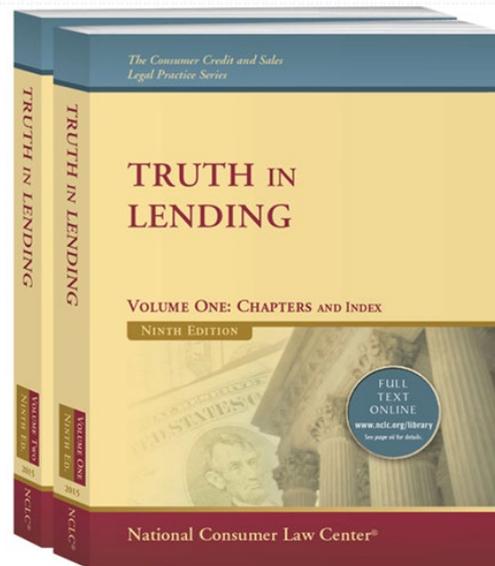
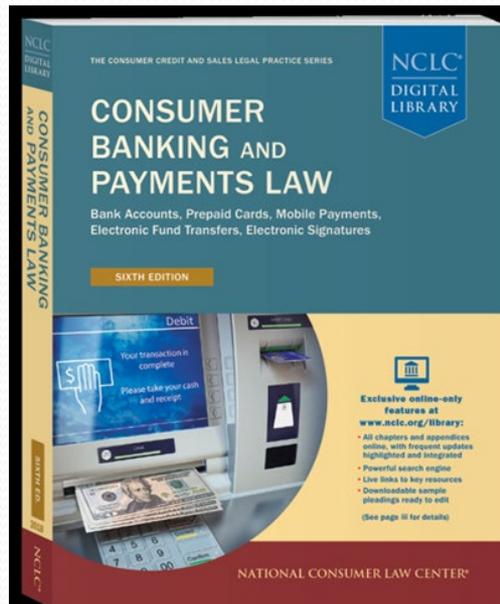


# How to Make Internet Loan Borrowers Feel better immediately!

- **There are things borrowers can do in this situation!**
- **Stop the lender from debiting your account immediately! Withdrawing authorization is very important, and stops the bleeding.**
- **Reiterate that the borrower will not be arrested for not paying**
- Language to send to Lender and Language to send to the Bank or Credit Union.
  - Here is a guide on how to do this: [www.vplc.org/nclcmaterials](http://www.vplc.org/nclcmaterials)
- We recommend going to another bank or a credit union if possible, but withdrawing authorization is faster.
- Get Copies of their Credit Reports, including the “Shady CRAs”
  - Shady CRA Checklist is at [www.vplc.org/nclcmaterials](http://www.vplc.org/nclcmaterials)

# NCLC Resources

- CCR includes analysis of all 50 states' payday and installment loan laws



# Questions?

Contact Us Directly with any questions:

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Thank you for your Interest (the good kind!)