

Pennsylvania Testimony – April 20, 2010

Presenter: Nathan Groff, Chief Government Relations Officer, Veritec Solutions

Thank you Mr. Chairman to allow brief testimony about the need for legal and enforced short term loans in Pennsylvania.

Veritec Solutions is the regulatory firm that develops and runs real-time enforcement systems in 12 states that effectively eliminate the cycle of debt by enforcing loan limits and waiting periods. Veritec works with numerous regulators and policy makers across the country to address solutions that will allow a legal market for short term lending, while preventing fraud and abuse that is abundant in the offshore and unlicensed lending environment.

I would like to focus on two areas for my brief testimony. First, I would like to provide some brief statistical information about other states that implemented similar loan programs. And second, to urge the committee to carefully consider the current situation of thousands of unregulated financial products that originate in the world of offshore internet lending. In 2009, over 45 billion dollars in short term loans were lent according to Stephens Inc., a research and investment firm that is active in the unbanked or non-banked marketplace. It is estimated that over 5 Billion dollars was lent from offshore foreign domiciled lenders and on-shore tribal locations. **These loans are not regulated.** Looking further into the details, one finds that the most active markets are those states which have either not permitted licensing of short term lenders, or who have put severe market restrictions on the local lenders' ability to lend and charge according to costs and risks.

In examining Pennsylvania it is extremely apparent that illegal, short term lending is occurring in this State. I have attached to my testimony two examples of loans that are available to Pennsylvania residents that provide loans at a much higher rate than what occurred in Pennsylvania prior to 2006 or even in states such as Florida now.

So what is the difference between a state like Pennsylvania and Florida? Florida has had a regulated short term lending industry since 2001. In fact, over 6 million loans were conducted by Florida consumers in 2009. The industry in Florida employs thousands of Florida residents, lends billions in short term credit, and does so with strong consumer protections. Let me share some actual facts about the Florida experience.

- √ Over 27% of borrowers in Florida only use the product once or twice a year.
- √ Almost 66% of borrowers in Florida discontinue using the product after 5 years.
- √ The average consumer pays \$36 to borrower \$383.00.
- √ Average age of a Florida borrower is 39 years old.
- √ Less than 15% of Florida borrowers are over 55 years old.
- √ Average number of loans a Florida borrower conducts over a year: 8.4

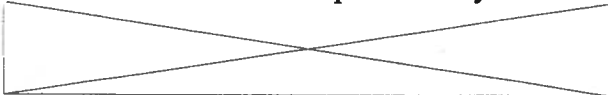
√ Over 19% of borrowers are declined new loans due to ineligible status.

Florida law is very similar to the bill that is being discussed today. Florida law only allows only a single loan, statewide to any consumer at any given time. After a consumer pays off that loan, they must wait 24 hours before conducting a new loan. The key to any short term, high cost loan environment is to make sure that consumers are not taking out more than they can reasonably afford to pay off in the loan cycle. Over a dozen states have determined that in order to allow short term lending, consumer protections such as the rights of rescission, maximum loan limits, cooling off periods, and interest free repayment plans are essential. Enforcing those provisions with a real-time, statewide enforcement system guarantees compliance with the law. The Florida environment is so successful that since 2001, there has been no hearing, committee meeting or public outcry against short term lending.

While we have heard in the media that the “only” solution is to set an annual interest rate cap on a 2 or 4 week loan, the evidence is clear that the only result of that is an unfettered, and unregulated loan product delivered from offshore domiciles. And in fact, serious academic study such as George Mason University, Dartmouth, and the New York Federal Reserve who are not aligned with special interests, have dispelled many of the common myths about short term lending. Contrary to popular opinion, short term lending did not cause the mortgage and credit meltdown, have not led to run away bankruptcies, and have not placed millions of consumers in the “cycle of debt”.

In summary, the proposed bill is a highly regulated, structured loan product that would allow consumers access to regulated short term loans in Pennsylvania, while ensuring that consumers do not take out multiple loans or extend those loans indefinitely.

EXAMPLE: Loan provided by Lender located in Costa Rica



[Home](#) [Apply](#) [Payments](#) [Renew](#) [Requirements](#) [FAQ](#) [APR Disclosure](#) [Privacy](#) [Loan Increase](#) [Mission](#)

Cash Advance Pennsylvania Residents

Need quick cash to live in Pennsylvania but do not know how to get it? Have some unexpected bills left you short on cash? Cash Advance offered by us in Pennsylvania can be an effective way to handle your immediate cash needs. Whenever an emergency arises and a cash advance is needed no matter if you live in Pennsylvania or not we have you covered. Get the cash you need for whatever the need be....unexpected bills, emergencies, covering overdrafts or for special occasions from Mypaydayloan.com.

A cash advance in Pennsylvania can help you out with bills when you do not have enough money at the time to pay for them. It is a short-term loan that you pay back when your next paycheck comes in.

We are dedicated to getting you the fastest and easiest cash advance loan that you can get in Pennsylvania. If you live in Pennsylvania and need a Pennsylvania fast cash advance, we can get it for you. You can be approved instantly online in just few minutes at Mypaydayloan.com.

Using our service your Pennsylvania cash advance process is bound to be fast and easy and our cash advance service is literally second to none. We also ensure ease of use and Guaranteed Secured service! A cash advance offered by us is quick, easy and secure. We keep information safe and secure. Your financial requests are treated confidential and are processed quickly.

There are no credit checks when issuing payday loan and cash advance. Almost any person can apply and even qualify for a cash advance though they have bad credit history.

[cash advance loans](#) | [cash advance payday loans](#) | [cash advance penn](#) | [cash advance pennsylvania](#) | [free payday loan](#) | [money for the holidays](#) | [no credit check payday loans](#) | [no interest payday loan](#) | [payday loans texas](#)

[Home](#) [Apply](#) [Payments](#) [Renew](#) [Requirements](#) [FAQ](#) [APR Disclosure](#) [Privacy](#) [Loan Increase](#) [Mission](#)

This service does not constitute an offer or solicitation for short term payday loans in all states. This service may or may not be available in your particular state. The states this site services may change from time to time without notice. **All aspects and transactions on this site, will be deemed to have taken place in our office in Costa Rica, regardless of where you may be viewing or accessing this site. Borrower is responsible for complying with any local statutory obligations that may exist in their state or area with respect to any transactions with Mypaydayloan.com**

**Elastic Credit From Urban Trust Bank
Agreement and Terms and Conditions
Effective December 10, 2009**

You should review the Elastic Terms and Conditions below to fully understand how the product works, or contact Customer Support at 888-444-ELASTIC (3527) if you have any questions.

Fees	
Transaction Fees <ul style="list-style-type: none">• Access Fee	\$2.50 for each \$20 of Elastic Credit accessed
Other Fees <ul style="list-style-type: none">• Extension Fee	\$2.50 for each \$20 of Elastic Credit accessed

Summary of Key Features:

We are committed to providing you with easy-to-understand information about our products and services to allow you to make informed financial decisions. As part of our commitment, we have created the "how it works" section to help you understand Elastic Credit and determine if it is the right credit option for you. You may view this section online at www.Elastic.com. The following is a summary of some of the key features of the product:

- Elastic Credit is a line of credit that allows eligible customers to receive short-term cash ("Elastic Cash") under this Agreement.
- Borrowers must have a regular source of income to be eligible for an Elastic Credit and your Credit Limit may be increased or lowered (potentially to \$0) in our sole discretion.
- Borrowers may provide one or more Transaction Accounts to receive or pay back Elastic Cash.
- Elastic Cash may be transferred to checking accounts via an ACH transaction usually the next business day.
- Periodic Statements will be generated for each Billing Cycle.
- Billing Cycles and payment Due Dates correspond to your Pay Frequency. Monthly payment cycles will have 1 payment due on their pay date.
- On or before the Due Date, you may pay back your Elastic Line of Credit in full, or make an ElasticPay minimum payment.
- ElasticPay is a payment of 10% of the outstanding Elastic Cash balance resulting from your most recent Elastic Cash draw.
- For your convenience, you may schedule a full or partial payment any time prior to the Due Date.
- If eligible, you may borrow between \$20 and your available Credit Limit in increments of \$20.
- The Access Fee for Elastic Cash is \$2.50 for every \$20 borrowed.
- The Extension Fee is \$2.50 for every \$20 remaining outstanding at the end of each Billing Cycle.

This Summary of Key Features does not modify the terms and conditions of your Elastic Credit Agreement. Please review the "how it works" section and the Elastic Credit Agreement for complete details online at www.Elastic.com before you use Elastic Credit.

These Terms and Conditions (this "Agreement") govern your Elastic line of credit ("Elastic Credit"). In this Agreement, "you" and "your" refer to those persons who have applied for and been approved for Elastic Credit. "We" and "our" refer to Urban Trust Bank, a federal savings bank, the deposits of which are insured by the Federal Deposit Insurance Corporation. **These Terms and Conditions contain an arbitration provision. Unless you act promptly to reject the arbitration provision, it will have a substantial effect on your rights in the event of a dispute.**