



The Mount Vernon Council of Citizens' Associations, Inc.
P.O. Box 203, Mount Vernon, VA 22121-9998

Supervisor Gerald Hyland
Mount Vernon Magisterial District
2511 Parkers Lane
Mount Vernon, VA 22306

23 December 2013

Subject: MVCCA Resolution on Car Title Loans - MVCCA (COAF/P&Z-2013-J03))

Dear Supervisor Hyland:

The Mount Vernon Council of Citizens' Associations (MVCCA) assessed:

- (A) A perceived usurious car title loan business practices;
- (B) A lack of limiting regulation to control these practices;
- (C) A discouragement of improvements to a revitalization area;
- (D) An allowance of additional car title loan businesses seeking/intending to open offices in the revitalization section(s) of the Route 1 corridor; and,
- (E) An absence of clear authority to regulate car title loan business and practice.

The MVCCA resolution requests:

- The Fairfax County Attorney provide the Board of Supervisors legal guidance for a moratorium on additional car title loan offices;
- A cap to the lender loans at 36% APR; and,
- The Virginia General Assembly collaborate with Delegate Scott Surovell and all other Northern Virginia elected officials to cosponsor a bill allowing local governments to implement an ordinance similar to HB 2323.

The MVCCA Resolution on Car Title Loans - MVCCA (COAF/P&Z-2013-J03)) was voted on by the MVCCA's General Council Membership (18 December 2013) and unanimously passed. This resolution is submitted for your consideration and action.

MVCCA Resolution on Car Title Loans - MVCCA (COAF/P&Z-2013-J03))

Christopher Low

Christopher Low MVCCA Co-Chair
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Cc:

James Davis	MVCCA Co-Chair
Gretchen Walzl/	MVCCA Co-Chair
Queenie Cox	MVCCA Chair Consumer Affairs
Karen Pohorylo	MVCCA Chair Planning and Zoning
Senators Barker	Senator State of Virginia
Senator Ebbin	Senator, State of Virginia
Senator Puller	Senator, State of Virginia
Delegate Albo	Delegate, State of Virginia
Delegate Krupicka	Delegate, State of Virginia
Delegate Sickles	Delegate, State of Virginia
Delegate Surovell	Delegate, State of Virginia

Attachments:

MVCCA Resolution on Car Title Loans - MVCCA (COAF/P&Z-2013-J03))

Attachment:

**MVCCA Resolution on Car Title Loans - MVCCA
(COAF/P&Z-2013-J03))**

MVCCA (COAF/P&Z-2013-J03) Resolution on Car Title Lenders

1. WHEREAS car title lender businesses are small predatory businesses located predominantly in minority low-to-middle income areas; and
2. WHEREAS the U.S. Route One/Richmond Highway Corridor is particularly susceptible to a proliferation of car title lenders due to its substantial population of low income families plus its proximity to easy access to Maryland and the District of Columbia over the Woodrow Wilson Bridge; and
3. WHEREAS car title lenders were unregulated in the Commonwealth of Virginia until October 2010 when the Virginia General Assembly passed legislation to include regulating the amount of interest that could be charged:
 - a. 22% per month (264% APR) for that portion of the loan under \$700;
 - b. 18% per month (216% APR) for that portion of the loan between \$700 and \$1,400;
 - c. 15% per month (180% APR) for that portion of the loan over \$1,400; and
4. WHEREAS neighboring states to include Maryland, North Carolina, West Virginia and the District of Columbia have passed laws that placed a cap on interest rates ranging from 24% to 36% in order to protect its consumers from such predatory lenders; and
5. WHEREAS the Virginia General Assembly should protect consumers from triple-digit interest rate loans that becomes “debt traps” for consumers; and
6. WHEREAS the legislation passed during 2010 by the Virginia General Assembly prohibits car title lenders from:
 - a. Making more than one loan at a time per borrower;
 - b. Refinancing, renewing or rolling over loans;
 - c. Electronically debiting of borrower’s deposit account;
 - d. Making loans to members of the military or their direct dependents; and
7. WHEREAS members of the military and their direct dependents will be better protected from car title loans as a result of an amendment to the National Defense Authorization Act for FY 2013; and
8. WHEREAS during 2011, the Virginia General Assembly repealed the restriction that would not allow car title loans for vehicles titled outside of Virginia as collateral passed legislation sponsored by Senator Richard L. Saslaw (D-Fairfax) that allowed car title lenders to extend such loans to non-Virginia residents; and
9. WHEREAS according to the Commonwealth of Virginia State Corporation Commission Bureau of Financial Institutions 2012 Annual Report, the number of locations for Virginia licensed car title lenders more than doubled since 2010 from 184 locations with 15-licensees to 395 locations with 25-licensees at the end of 2012; and
10. WHEREAS Virginia has become the “hub of high-interest car title loans on the East Coast;” and
11. WHEREAS car title lender businesses impacts economic development; particularly in revitalization areas, discourages good businesses and does not add value or comport to the vision of communities; and
12. WHEREAS the Fairfax County Board of Supervisors (BOS) is responsible for protecting the economic health, welfare and safety of its communities; and
13. WHEREAS according to the published list of title car and pay day lenders in the Commonwealth of Virginia as of November 18, 2013, there are eight (8) car title lenders within a 7-mile radius in the Mount Vernon Magisterial District; and
14. WHEREAS two new car title businesses have purchased sites and recently erected signs of “opening soon” for a total of 10-such lending businesses along Richmond Highway; and

15. WHEREAS eight (8) of those lenders are/will actually front on Richmond Highway and several less than a mile from each other; and
16. WHEREAS MGM Resorts has a license to open a casino by 2016 at the National Harbor, which is less than 5-miles from the U.S. Route One/Richmond Highway Corridor in the area considered the Gateway to Fairfax County would exacerbate the problems with this type of business; and
17. WHEREAS car title lender businesses may expand its offices/locations while the BOS contemplates its restrictions; and
18. WHEREAS the Commonwealth has already given the BOS authority to limit the number of pawn shops and the BOS has in fact used such authority to allow only one pawn shop per supervisor district in Fairfax County; and
19. WHEREAS State Delegate Scott Surovell introduced a bill to allow local governments to limit the number and distance of car title lenders, payday lenders, check cashers, and precious metal dealers (“We Buy Gold” shops); but, the bill failed and did not have the support of fellow Northern Virginia elected officials.

THEREFORE BE IT RESOLVED that the Mount Vernon Council of Citizens Associations (MVCCA) request that the Mount Vernon District Supervisor direct that the Office of the (Fairfax) County Attorney provide direct time-sensitive legal guidance that will allow the Fairfax County Board of Supervisors (BOS) to immediately implement a 1-year moratorium on any car title lender business in revitalization areas and areas where there are three or more such businesses within a 25-mile radius of each other until the BOS completes its review process to include public hearings by the Fairfax County Planning Commission.

BE IT FURTHER RESOLVED that the MVCCA request that the BOS include in its legislative agenda that the Virginia General Assembly take immediate action to cap car title lender loans at 36% APR, reinstate a provision that allows title loans only to individuals whose vehicles are titled in Virginia and provide local government authority to implement appropriate ordinances to include but not limited to protecting consumers from car title lender predatory practices and determining the number of car title lenders within a specified distance.

FURTHER RESOLVED, that the Virginia General Assembly elected officials from Northern Virginia work collaboratively with Delegate Scott Surovell (D-44) to co-sponsor a bill that will allow local governments to implement an ordinance pertaining to car title lenders similar to HB 2323.

Approved by the Mount Vernon Council of Citizens Associations on December 18, 2013