

106TH CONGRESS  
2D SESSION

# H. CON. RES. 312

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## CONCURRENT RESOLUTION

Expressing the sense of the Congress that the Federal Government and the States should engage in greater oversight of title loan and title pawn transactions, work cooperatively to address the problem of abuses in title loan and title pawn transactions through effective legislation at both the Federal and State level, as necessary, and ensure that any Federal legislative effort preserves the ability of the States to enact stronger protections for consumers with respect to such transactions.



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# H. CON. RES. 312

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## **CONCURRENT RESOLUTION**

Whereas title loan lenders make title loans and title pawns to consumers by attaining the consumer's automobile title as collateral;

Whereas these loans and pawns are often offered at unscrupulously high rates of interest;

Whereas in many cases borrowers are forced to pay interest rates of up to 300 percent per year;

Whereas many of these borrowers are unaware of applicable rates and are forced into deeper and deeper debt to pay the initial lien;

Whereas this industry takes advantage of uneducated and poor consumers through usurious and exploitive lending practices;

Whereas title loans and title pawns threaten the ability of consumers to hold a job since default on the loan or pawn will result in repossession and sale of their car, which is often their only means of transportation to and from work;

Whereas this industry is expanding rapidly throughout the United States;

Whereas both the Federal Government and States have traditionally acted within their respective jurisdictions to protect citizens from usurious lending and abusive credit practices;

Whereas the spread of abusive lending practices, including those often characteristic of title loan and title pawn transactions, have recently resulted in heightened Federal interest, at the congressional, executive, and regulatory levels, in curbing predatory lending practices;

Whereas, as the result of extensive field hearings, a task force established by the Secretary of the Treasury and the Secretary of Housing and Urban Development has just underscored the need for Federal legislation to curb predatory lending;

Whereas the title loan and title pawn transaction problem is particularly acute in Alabama, Georgia, Idaho, Illinois, Minnesota, Mississippi, Missouri, Montana, Nevada, New

Hampshire, New Mexico, Oregon, South Carolina, South Dakota, Tennessee, and Utah; and

Whereas this problem has the potential to spread to other States that currently do not closely regulate the title loan and title pawn industry: Now, therefore, be it

1        *Resolved by the House of Representatives (the Senate*  
 2 *concurring)*, That it is the sense of the Congress that the  
 3 Federal Government and the States should—

4            (1) engage in greater oversight of title loan and  
 5 title pawn transactions;

6            (2) work cooperatively to address the problem  
 7 of abuses in title loan and title pawn transactions  
 8 through effective legislation at both the Federal and  
 9 State level, as necessary, including by prohibiting  
 10 title pawn transactions and prohibiting usurious in-  
 11 terest rates in title loan transactions; and

12            (3) ensure that any Federal legislative effort  
 13 preserves the ability of the States to enact stronger  
 14 protections for consumers with respect to such  
 15 transactions.

Passed the House of Representatives June 27, 2000.

Attest:

*Clerk.*