

RE: **First American Title Lending of Georgia, LLC-Consent Agreement; File No. 1322364.**

Dear Federal Trade Commission:

Step Up Savannah appreciates the opportunity to comment on the FTC's proposed rulemaking consent order in the above matter. We applaud the FTC'S efforts in this regard and offer comments below:

Who we are:

Step Up Savannah, Inc. works to eliminate poverty in Savannah, Chatham County, Georgia. While more than a quarter of Savannah's residents live in poverty, that percentage jumps to 50% and higher in some neighborhoods. Such high rates have persisted for more than 30 years.

Established in 2005/06 by a group of community leaders who recognized that the City's pockets of concentrated poverty impair the economic development of the entire community, Step Up, incorporated as an independent nonprofit in 2008, now has a 39-member board of directors, composed of neighborhood leaders, elected and appointed community officials, and those who work to eliminate poverty.

The organization acts as a convener, attracts outside resources, adapts and creates effective programs and products, trains neighborhood and nonprofit leaders, and advocates for policies that will improve the lives of low-income families. It works through a participative process relying upon its diverse board of directors and a network of partners, seeking out lasting solutions that enable low-income families to work toward economic self-sufficiency.

Step Up identifies local policies and procedures that can be reformed based upon information and feedback from those directly receiving and providing services. Board members consider issues brought to it by action teams and committees after review and research. Through a process of education and debate, board members vote to address specific policy issues and, with technical support from staff, act as the primary advocates for reform. Step Up's policy platform focuses on local, regional and state issues in these areas: workforce development/adult education; wealth building; and work supports. Issues adopted by the board must be directly linked to reducing poverty.

Since 2009 Step Up has been examining the impacts of car title loans on the financial wellbeing of Savannah's low-income residents. Car title loans offer the promise of immediate cash in exchange for clear title of a vehicle, regardless of an individual's credit history. Step Up has had many community meetings with local leaders and has painstakingly been **considering** proposals for local legislation to remedy some of the abuses in the area of car title loans. These efforts include working with other groups from around the country who have been successful in crafting local legislation and crafting our own proposal for consideration by our local government.

We have also been involved in working to improve the use of banking services by low-income individuals, as well as developing alternative loan products for low-income borrowers.

Comments:

Car title loans come at a high cost, including interest rates (at 300% APR) and fees that mount significantly after an initial 30-day period. National and local research has shown that these loans can actually generate more debt for consumers since most rollover the loan.

These loans mainly affect unbanked and/or underbanked individuals who renew these loans multiple times. The loans can, and often are, debt traps that, in many cases, will only be paid off if the consumer happens to get a windfall. Step Up believes there should be additional protections provided by various government agencies to regulate these type loans as well as vigilant oversight as evidenced by the proposed consent order.

Again, we applaud the commission's efforts in this matter. Step Up Savannah understands the problems car title lending can cause. The Federal Truth in Lending Statute is one of a very few tools currently available that can be used to afford some relief to consumers in this area of lending. The fact that there are so few tools available to aid consumers in this market is precisely why the FTC should engage in these type of consent agreements. As you know, the statute of limitations with regard to when consumers can bring any actions in this complex area is quite short. In Georgia the limit is one year. Therefore, actions of this nature by government ensure large numbers of consumers may be protected from dangerous overreaching by these lending entities.

Conclusion

Our experience has shown that there is a need for meaningful government oversight to address the problems and potential dangers to consumers in the car title loan business. We applaud the FTC's efforts to take action in this area.