



# LOUISIANA FINANCE ASSOCIATION NEWSLETTER

MARCH/APRIL 2018

Kimberly Hallaran – *Executive Director*  
Kathy Boiteaux – *Administrative Assistant*

11918 Bricksome Avenue, Suite A, Baton Rouge, LA 70816

lfassoc@bellsouth.net  
225.295.1300

P.O. Box 40183, Baton Rouge, LA 70835

## ***Payday-lending industry sues to block Obama-era rule***

*by Renae Merle*

The payday-lending industry sued the Consumer Financial Protection Bureau on Monday in an attempt to block an agency rule the industry says will destroy it.

The regulation, which was finalized under the Obama administration, will radically change how payday lenders operate by requiring firms to verify that borrowers can afford the debt before giving them the money and capping the number of times someone can take out successive loans.

It is “draconian” and would “virtually eliminate” the payday-lending industry, according to the lawsuit by the Community Financial Services Association of America, which was filed in the U.S. District Court for the Western District of Texas. The rule “was motivated by a deeply paternalistic view that consumers cannot be trusted with the freedom to make their own financial decisions.”

The rule was already under assault. Republicans in the House and Senate have introduced legislation to block its implementation, and Mick Mulvaney, appointed by President Trump to temporarily lead the financial protection agency, has said he is reviewing the regulation.

But the payday-lending industry is moving even more aggressively to block its implementation. “We do not take lightly that we are suing our federal regulator, however, we have long said we are pursuing all options with regard to the CFPB’s harmful small-dollar lending rule, and one of these options was litigation,” said Dennis Shaul, chief executive of the Community Financial Services Association of America, the primary industry group for payday lenders.

The CFPB did not immediately respond to an inquiry about the lawsuit, and it is unclear whether the agency will fight it.

Payday loans are a small, scorned part of the financial industry. But in the states where such lenders are legal, they are pervasive — there are almost as many payday lenders

as McDonald’s and Starbucks in the United States. About 12 million Americans take out such loans each year, spending more than \$7 billion on fees, according to Pew Charitable Trusts. These loans provide a “financial lifeline for millions of consumers who need access to funds and choose these products over other available forms of credit,” according to the industry lawsuit.

But consumer advocates claim that payday loans often trap people in a cycle of debt with high interest rates and unscrupulous practices. “Time and again the CFSA and the predatory lenders it represents have demonstrated why they simply cannot be trusted to deal honestly with the CFPB and the American people,” Karl Frisch, executive director of Allied Progress, said in a statement. ■

## ***60th LFA Convention***

*July 25th - 28th*

***Hilton Sandestin Resort & Spa***  
**Download Registration Forms**  
**at**

**[www.louisianafinanceassociation.com](http://www.louisianafinanceassociation.com)**

# ***GOP Maneuver Could Put Decades of Regulations at Risk***

*Politico Pro (04/17/18) Zachary Warmbrodt*

GOP senators are expected to use the Congressional Review Act to push back against Consumer Financial Protection Bureau (CFPB) rules that aim to discourage discrimination in auto lending. Lawmakers would use fast-track authority that allows a simple majority of the Senate to pass a resolution rolling back a rule if the vote occurs within a window that is open for no more than a few months. The law also requires that federal agencies submit rules to Congress for their potential disapproval, but the auto lending policy is a guidance document not subject to the Administrative Procedure Act. However, a Government Accountability Office review conducted at the behest of the Trump administration found that the CFPB auto-lending guidance did qualify as a rule for the purposes of the Congressional Review Act. As a result, lawmakers have an opportunity to review and possibly discard the guidance—which critics say could open up other environmental, labor, and finance guidance to review. ■

## **LIBERTY MOTOR CLUB**



*Great benefits for  
your customers  
Better bottom line for you.*

**LibertyMotorClub.com**

**Call Jim Dill or Jim Thurman**

**1-888-997-2054**

**jd@libertymotorclub.com**

**jt@libertymotorclub.com**

# REPAY<sup>®</sup>

**Realtime Electronic Payments**

The premier full-service payment provider  
for the Consumer Finance industry

Debit Card Processing  
ACH Processing  
Online Bill Pay  
Mobile App

Integrated with Loan Management Systems  
24/7 Customer Service  
PCI Compliant

**Innovation | Reliability | Expertise | Service**

**Contact Us**  
**877.607.5468**  
**sales@repay.com**

*LFA  
Endorsed*



**FUEL GROWTH. REDUCE RISK.  
SECURE THE FUTURE.**

You work hard every day to secure the talent that will strengthen and grow your organization. Let Gallagher structure a benefits program that makes recruiting, engaging and retaining those employees easier for you.

Tom Besselman | Area Vice President  
Kim Breard | Benefit Consultant Darby Stewart | Account Executive  
Sherry Dodson | Select Group Manager Wendy Duthu | Sr. Account Manager

**BENEFITS | COMPENSATION  
RETIREMENT | RISK MANAGEMENT**

 **Gallagher**

235 Highlandia Drive, Suite 200, Baton Rouge, LA 70810  
225.767.0334 | [www.ajg.com](http://www.ajg.com)

# ***\$648 MILLION – New shortfall figure revealed, no one feels better***

By Jeremy Alford & Mitch Rabalais, April 12, 2018, LAPolitics Weekly

## **SO WHAT HAPPENED?**

After being asked by the governor to find roughly \$1 billion in revenue during a February special session, lawmakers watched the Revenue Estimating Conference whittle that figure down to \$648 million today. Better than expected state tax collections, prompted by recent federal tax changes, were credited for the improvement.

## **WHAT'S THE SPIN?**

House GOP Chair Lance Harris suggested that the administration's earlier math must have been wrong. "We told you the budget deficit was not as big as the governor claimed it was," Harris said, "and we fully expect it to continue to come down as we work through the appropria-

tions process."

Gov. John Bel Edwards called the forecast revision "welcome news that we have been expecting for some time" But he urged

lawmakers against using it as an excuse to not replace expiring taxes. "If we've got the opportunity to lessen the impact of the

*Continued on page 4*



## **Cajun Software** Your Financial Software Solution

- Full History
- Laser Forms
- Home Office
- Solicitations
- General Ledger
- Online Collections
- Debentures
- Payroll
- 24/7 Support

Now operating in Louisiana and Mississippi

P.O. Box 41443  
Baton Rouge, LA 70835

(225) 272-6983  
[www.cajunsoftware.net](http://www.cajunsoftware.net)



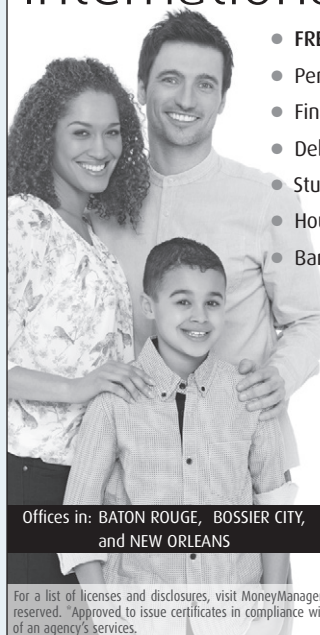
[www.goldpointsystems.com](http://www.goldpointsystems.com)

*Get the job done quickly, easily, and correctly with GOLDPoint™ Systems. We offer real-time consumer finance software and services. With GOLDPoint™ Systems, you'll find out what it feels like to really love software that does it all, including:*

**Loan Origination • Loan Servicing • Collections  
Marketing • Accounting • Custom Reports**

**888.477.0099**

## Money Management International can help!



- FREE Credit Counseling
- Personalized Budgets and Action Plans
- Financial Education Programs
- Debt Management Plans
- Student Loan Counseling
- Housing Counseling
- Bankruptcy Counseling & Pre-Filing Certificate\*



**Money Management**  
INTERNATIONAL

Call 866.515.2227  
to get help today.

[MoneyManagement.org](http://MoneyManagement.org)



For a list of licenses and disclosures, visit [MoneyManagement.org/licenses](http://MoneyManagement.org/licenses). © 2018 Money Management International, all rights reserved. \*Approved to issue certificates in compliance with the Bankruptcy Code. Approval does not endorse or assure the quality of an agency's services. 09\_1002g | 01-18

*New Shortfall* *Cont. from page 3*

fiscal cliff on the people of Louisiana," said Edwards, "we're going to take it."

**IS THERE MORE MONEY?**

You may hear some politicians argue that the REC could have recognized more revenue, thus further shrinking the shortfall. On one hand, LSU economist Jim Richardson, an REC member, convinced his conference colleagues to adopt the most conservative estimates, which was prudent.

On the other hand, tax collections have strengthened; more money has been identified for statutory dedications (+\$140M) and self-generated funds (+\$47M); the cost of tax incentives is dipping (-\$181M last fiscal year); the labor market has stabilized, arguably; there's a surplus from last fiscal year (+\$122M); and the REC, generally, has been adding new dollars to forecasts more than it has been removing them. There were no forecast adjustments today for business tax collections; just personal income taxes.

**WHEN WILL WE KNOW MORE?**

Commissioner of Administration Jay Dardenne is the new chairman of the REC and he said the panel may meet next in mid-May. If the House leadership falls in line with the early adjournment plan, the next REC meeting might be conducted just prior to the start of the year's second special session.

**WHAT HAPPENS WITH THE BUDGET NOW?**

The Appropriations Committee will release its version

*Continued on page 5*



**Credex  
Systems**

**Loan Management Software**

Industry Leading • Support • Innovation  
Stability • Experience

**Info@CredexSystems.com**  
**800.951.2015 ext. 3**

Proud Member of the Louisiana Finance Association since 1999

cigaars

Credit Insurance General Agency  
and Related Services



**Jake Drago**

630 Village Lane N., Mandeville, LA 70471

Office 985.624.4951 | Toll-Free 800.779.5628 | Fax 985.624.8892

Our staff has over 35 years of experience in serving the Louisiana Consumer Finance Market

Active supporter of the Association's legislative efforts in preserving the Louisiana Consumer Credit Law

An American National Insurance Company partner and authorized Agency:

Jimmy Hingle – AVP, Credit Insurance Sales  
American National Insurance Company  
[jimmy.hingle@americannational.com](mailto:jimmy.hingle@americannational.com)



— ★ —

**The Lender of Choice for the  
Consumer Finance Industry**

David Fricke  
972.656.6699

Eric Trainor 225.295.9152    Stephanie Bowman 225.295.9154    Steve Thomas 972.656.6696

Brad Fisher 972.656.6698    Matt Hall 972.656.6697

**Texas Capital Bank's  
Lender Finance Group**

[www.texascapitalbank.com/lenderfinance.aspx](http://www.texascapitalbank.com/lenderfinance.aspx)

2350 Lakeside Blvd.,  
Suite 800  
Richardson, TX 75082

4609 Bluebonnet Blvd.,  
Suite B  
Baton Rouge, LA 70809



**TEXAS CAPITAL BANK®**

Member FDIC

[www.texascapitalbank.com](http://www.texascapitalbank.com)

NASDAQ: TCBI



### *New Shortfall* *Cont. from page 4*

of the state budget Monday, with a House floor hearing to follow Thursday. While there's little doubt that HB 1, with deep spending reductions, will escape its committee cage, gathering 53 votes from the lower chamber may be tough.

The governor has asked lawmakers to use the new REC-recognized money as follows: \$83 million for the New Orleans and Shreveport safety-net hospitals; \$50 million for TOPS, leaving it \$183 million short; \$43 million for the Health Department; \$35 million for sheriffs and district attorneys; \$25 million for higher education; \$20 million for corrections; \$12 million for juvenile justice; \$10 million for Go Grants; and \$1 million for senior centers.

Speaker Taylor Barras, as of Thursday afternoon, sounded more interested in fully funding the TOPS scholarship program and using the balance to address health care and higher education needs.

### **HOW DO THEY REACH 53?**

House GOP leaders participated in a meeting this week with Democrats to broker a budget deal. One idea called for giving Democrats more control over spending the new REC-recognized dollars — in exchange for supporting HB 1 on the floor. The Dems involved were said to be polite listeners, but they're hesitant to do anything that could obviate the need for a special revenue-raising session. Negotiations will continue.

### **WILL THERE BE A 2ND SPECIAL SESSION THIS YEAR?**

The more pessimistic among us believe there could even be a third, depending on how weird things get. But conservatives seem reluctant to bless another special session, especially with revenue forecasts looking rosier than usual. As for Speaker Barras, he refused to commit to the same today.

Gov. Edwards, predictably, is all in for calling 2018's second special session in the hopes that lawmakers reverse course and replace the state's expiring taxes. For whatever it's worth, the governor's staff isn't in a hurry to prepare the call, since everyone already knows what it will contain.

### **WHAT'S UP WITH SUPPLEMENTAL APPROPRIATIONS?**

HB 874 will receive a committee hearing on Monday, alongside the state's main budget bill. The legislation will divvy up a \$122 million surplus from last fiscal year.

Gov. Edwards has asked lawmakers to spend about \$80 million on construction and infrastructure projects; deposit \$30 million into the Rainy Day savings account; and direct \$12 million to public pensions. Those projects, a couple hundred from the state's capital outlay program, have caught the attention of conservatives.

Lawmakers in the lower chamber suspect they'll be asked to defend any construction or infrastructure projects that are located in their districts as part of the budget review process.

These projects are an important political element in the supplemental bill for the governor, who hasn't been able to dole out brick-and-mortar, and enjoy the related spoils, like his predecessors.

### **WHAT ABOUT THE SENATE?**

For now, the Senate waits. Which it already knows how to do. In the meantime, the budget-drafting Senate Finance Committee will meet Sunday at 2 p.m. ■








### **Credit Protection**

### **Motor Club**

**To Experience More visit us at [fortegra.com](http://fortegra.com) or contact:**

**Bob Eddy: 318.253.7564 | Joel Nelson: 704.741.3559 | Rick Webster: 270.331.7022**