

[Use Your Company or Personal Letterhead]

[Insert date]

[Insert names, address of your two U.S. Senators, send via their website email address or fax]

Re: S. 2349 the “Protecting Consumers from Unreasonable Credit Rates Act of 2021” and S. 2508 the “Veterans and Consumers Fair Credit Act”

Dear Senator [insert name],

I am writing today concerning the recently filed bills, S. 2349 and S. 2508, proposing to amend the Truth in Lending Act. I own and operate a pawn store in [insert store(s) town/state/Congressional district if known] and am a longtime provider of safety-net financial services there.

I am very concerned that these bills, if enacted, would harm my local community, as well as our state in general. The proposed federal cap of 36% APR would severely damage pawnbrokers’ ability to provide a stable source of credit to consumers that rely on us in their time of need.

Our average customer does not have access to traditional banking lines of credit. Pawn customers need short-term access to cash that is not based on their credit or income level. Instead, pawn transaction amounts are based upon the personal property they already own. Pawn consumers borrow against tangible personal assets in a manner similar to others borrowing against real estate, stock or insurance policies.

Our average pawn transaction in [insert state] is less than [insert your average amount-or use NPA’s \$180 national average] and we make many pawns for less than \$50 each day. The duration of pawn transactions does not exceed the number of days specified by our state or local law. The interest rate and fees our state allows pawnbrokers to charge are less than many “late payment charges” imposed by utility companies, landlords, or credit-card companies. Pawn transactions are non-recourse transactions: no pawnbroker can pursue a customer for repayment in court or report the customer to a consumer reporting agency such as Equifax, TransUnion, or Experian.

The sponsors of these bills want to protect American consumers from certain predatory loans, but the unintended consequences from these one-size fits all bills would instead restrict access to responsible, safety-net options like pawn, which impacts the very people these sponsors seek to protect. The pawn industry - the oldest historical source of lending - is very often the only regulated and reliable source of financial security for consumers that does not place consumers in a cycle of debt. Our customers are hardworking and proud people that do not wish to turn to charity or even churches looking for a handout to pay an electric or gas bill that ran higher than expected, or to cover emergency funds for medical services or vehicle repairs.

To continue to serve our community, my employees and I need your help to seek an exemption for my unique business in this legislation before it eliminates the availability of well-regulated, non-recourse funds that consumers need. Thank you for your attention to this urgent matter. Please contact me directly if you need additional information.

Best Regards,

[insert name of business owner or location manager]  
[insert title as owner or manager]  
[if you did not use letterhead, insert name of business]  
[insert full address of company or of store(s)]  
[include a phone number with area code]  
[include the email address]