

BRAD SMOOT
ATTORNEY AT LAW

800 SW JACKSON, SUITE 808
Topeka, Kansas 66612
bradsmoot@smootlawoffice.com

(785) 233-0016 (Office)
(785) 224-1200 (Cell)
(785) 234-3789 (Fax)

STATEMENT OF BRAD SMOOT, LEGISLATIVE COUNSEL
ANDERSON FINANCIAL SERVICES, dba LOANMAX
SPECIAL COMMITTEE ON FINANCIAL INSTITUTIONS AND INSURANCE
REGARDING
UCCC CREDIT SERVICES AND 2017 HB 2267
OCTOBER 11, 2017

Mr. Chairman and Members:

On behalf of Anderson Financial Services, dba LoanMax, I am pleased to submit a written statement and offer a few comments regarding title lending. We hope that the comments will be helpful to the committee in understanding how our business works and why our customers, your constituents, want and need the services we have been offering in Kansas for more than 13 years.

There is a lot of financial expertise sitting on this Special Committee but I imagine that not all of us have procured a title loan or have had the need for one. Those who have not purchased real estate can't get home equity loans and those without credit cards or even a credit history can't borrow from more traditional lenders. For these Kansans, LoanMax and similar lenders provide a reliable, fully regulated neighborhood source of short term cash without the dangers of borrowing from unlicensed internet lenders, family or friends or even criminals.

Anderson Financial is licensed by the Kansas Banking Department to make consumer loans using a line of credit. Unlike other lines of open ended credit (e.g., credit cards), we do not charge annual fees and late fees. Unlike those credit card products, interest is never compounded. Customers can pay in full at any time. The customer uses a vehicle title as collateral and a lien is placed on the vehicle but the customer retains full use of his or her vehicle while the line of credit is open. Our average loan is less than \$560 and the average term of the loan is only 3 months. In 2016, we made 32,476 cash advances. With all this activity and the concerns expressed by proponents, one would think that we would have a huge number of complaints, however, during 2016 we had only 6 complaints filed with the Banking Department. All these complaints were successfully resolved.

What this says to me is that a title loan with open-ended credit is a lending tool that is very much in demand, well understood by customers, a good alternative to other lending options (or no option at all) and, in general, a useful part of the financial market place for certain borrowers. Over the years, the Kansas Legislature has visited the issue now presented to this Special Committee at least half a dozen times. Each time lawmakers and spectators walk away with a better understanding of the title loan product and its enormous value to our customers.

It has been the customers who have been most persuasive, urging the legislature to allow them to make their own financial decisions without further government interference and to manage their own affairs using people and products with which they are familiar and that meet their particular financial situations. It is for these reasons that your colleagues have over and over decided to allow open-ended credit products such as title loans to remain regulated by the Kansas Banking Department and a part of a free financial market without capping interest rates. We encourage this committee to continue that philosophy.

Thank you for consideration of our comments.