

action to address the devastating consequences to consumers of the predatory practices of title loan and title pawn lenders.

Our Nation is progressively being segmented into two separate, unequal, financial service systems: one serving middle- and upper-income individuals through mainstream financial institutions, and another serving lower-income households through check-cashers and pawnshops. This resolution sends the right message that Congress and the States, as appropriate, must take action to protect the vulnerable segment of the population who are preyed upon by unscrupulous lenders.

In many parts of our country, we are seeing the growth of title loan and title pawn lenders as yet another class of fringe lenders who take advantage of the lower-income consumers strapped for cash. Through deceptive practices, title pawnshops and other title lenders too often lure unwary consumers into using the title to their automobile and trucks as security for loans equal to a fraction of the value of the vehicle. Such loans typically carry interest rates in triple digits, often around 300 percent on an annual basis. At such a high interest rate, many of these borrowers are unable to pay off their loan and their vehicles are repossessed. When these loans are structured as a title pawn transaction, the title pawn broker sells the automobile and retains transfer to the pawn broker. The consumer loses all of his or her equity in the automobile and typically has little or no recourse to regain the automobile.

As is the case for most Americans, these consumers depend on their automobiles and trucks for transportation to their jobs, vital medical appointments, and school for their children. So the loss of a vehicle through an unfair foreclosure often results in the loss of a job or other serious consequences.

Mr. Speaker, it is incumbent upon both Congress and the States to act cooperatively with their respective jurisdictions to curb predatory lending practices. The abuses in the title pawn and title loan industry are just one of the areas which merit immediate and aggressive legislative action. The Congress must take action to curb the abuses in the title pawn and title loan industry. As the Clinton administration's Task Force on Predatory Lending recently urged in its report, Congress should enact new legislation in the title pawn and title loan industry. Congress should begin to do that forthwith.

The joint HUD-Treasury Task Force also urged Congress to amend existing laws to give borrowers more timely and more precise information regarding the cost and terms of loans. I am hopeful that we can work in a bipartisan fashion to enact legislation that will wipe out predatory lending practices, regardless of where and how they occur.

Mr. Speaker, I reserve the balance of my time.

Mrs. ROUKEMA. Mr. Speaker, I yield myself such time as I may consume.

This resolution expresses the sense of the Congress that the Federal government and the States should work together cooperatively to outlaw title pawn transactions and the imposition of excessive interest rates on title loans. In these types of transactions, the business takes the consumer's automobile title as collateral, often as part of a very small pawn transaction or title loan. Abuses in title loans and title pawn transactions often include excessively high interest rates and other exploitative lending practices.

I want to note, in light of what the gentleman from Pennsylvania (Mr. MASCARA) has stated and certainly what the author of this amendment has stated, I want to note that as the chairwoman of the Subcommittee on Financial Institutions and Consumer Credit, I want to make the point that we, on the committee, are continuing to study predatory lending. The Committee on Banking and Financial Services recently held a hearing on this very subject, and while title loan and title pawn transactions are certainly a component of the practices that are considered predatory, we are also considering what regulatory or legislative changes might be needed on a broader scale; and I think our colleague from Pennsylvania has referenced that possibility.

Clearly, cooperation among the Federal and State governments and Federal and State regulators and the financial services industry is critical and key. With respect to the abuses in the title pawn transactions and the title loans and the lack of meaningful regulation of this area in some States, the cooperation, as outlined and required in this concurrent resolution, H. Con. Res. 312, is absolutely necessary. A consistent set of rules must be applied and consumers should not be taken advantage of because of weak laws or regulations in a particular State.

Mr. Speaker, again, I want to thank the gentleman from Florida (Mr. SHAW) for his leadership on this issue.

Mr. MCCOLLUM. Mr. Speaker, I support H. Con. Res. 312, expressing the sense of the Congress that the States should more closely regulate title pawn transactions and outlaw the imposition of usurious interest rates on title loans to consumers.

As a Floridian, I am acutely aware of the struggles in which the citizens of Florida have engaged in order to rein in unscrupulous practices and usurious interest rates on title loans. I am pleased that the culmination of these efforts has lead to wise and judicious legislation. I praise the Floridian approach of title lending because it weighs both the importance of curbing the abuses that too often surround title loan transactions against the importance of providing otherwise "un-lendable" borrowers with access to credit. This emergency credit can keep a small businessman from going under, or cover immediate needs at the end of the month.

Starting October 1, 2000, the Florida Department of Banking and Finance will begin to license and regulate title lenders in the state of Florida. Among initial changes will be an

annual interest rate cap of 30%. Other improvements include empowering the Department of Banking and Finance to impose fines and promulgate rules. For worst case offenders, the Florida legislation establishes criminal penalties.

Furthermore, the Florida legislation does not preclude local governments in the state of Florida from enacting more stringent restriction. I firmly believe that democracy is best served when state and local governments can exercise their informed judgement to serve their citizens. This Sense of the Congress reiterates my concern both for the abuses that have dogged title lending throughout several states across the nation, but also my sincere wish that states will take up this issue in their home legislative chambers.

I look forward to casting my vote for this excellent legislation, sponsored by fellow Floridian, CLAY SHAW, and I encourage my colleagues from all 50 states to do the same.

Mr. SMITH of Michigan. Mr. Speaker, H. Con. Res. 312 calls on states to more closely regulate certain types of loans and establish ceilings on the rates of interest that can be charged for them. I oppose H. Con., Res. 312 for two reasons.

The first is that regulation of lending markets, especially the establishment of ceilings on interest rates, can harm those who most need access to them. None of us can help but be appalled by unscrupulous lenders who take advantage of needy borrowers. However, the regulations encouraged by this resolution would most likely reduce the number and availability of lenders.

As a member of the Michigan legislature, I remember that we attempted to "help" people in a similar manner by restricting lending practices and interest rates to what we consider a "fair" rate. The result wasn't that interest rates were lowered. Instead, the borrowers came to us and asked us to remove the restrictions because they couldn't get loans any more. Mr. Speaker where there is competition, rates of interest are best left to the marketplace rather than to the notions of politicians.

Second, I find it odd that we in Washington need to tell the states how they should handle what are traditionally local measures. We certainly have no greater understanding of these issues than our counterparts at the state level.

Mrs. ROUKEMA. Mr. Speaker, I yield back the balance of my time.

Mr. MASCARA. Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore (Mr. LAHOOD). The question is on the motion offered by the gentlewoman from New Jersey (Mrs. ROUKEMA) that the House suspend the rules and agree to the concurrent resolution, H. Con. Res. 312, as amended.

The question was taken.

Mrs. ROUKEMA. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. Pursuant to clause 8 of rule XX and the Chair's prior announcement, further proceedings on this motion will be postponed.

#### GENERAL LEAVE

Mrs. ROUKEMA. Mr. Speaker, I ask unanimous consent that all Members

