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Tyler, Texas

Proponent testifying virtually on HB 2189

Chairman Kelly and members of the committee, I'm Brandon Mays and I'm pleased to testify as a proponent of HB 2189.

If HB 2189 were to be signed into law, our company stands ready to immediately apply for licensing and open between 8 to 10 stores in the state as well as an online presence.

Our company would commit would bring no less than $500,000 in an initial capital investment to the state. This would bring rental income to Kansas commercial real estate owners, provide job opportunities to Kansans and provide an affordable credit option to all Kansas residents.

SECURING FINANCIAL FUTURES
HOW RESPONSIBLE LENDING WORKS AT ATLAS CREDIT

A LONG HISTORY OF SUCCESS:

Atlas Credit has been family owned and operated since we opened in 1968. Now, with our nearly 200 employees, we continue to serve the communities surrounding our numerous locations across multiple states. As a company, our existing and future customers represent our most valuable resource. Our mission is to treat every customer with honesty and respect while providing top-of-the-line customer service that you won't find anywhere else. Having serviced over 2,500,000 customers, Atlas Credit's philosophy balances business success and responsible lending while providing affordable access to credit to underserved communities.

OUR CUSTOMER:

- **49% of all Americans are living paycheck to paycheck**
- **71% of all U.S. workers have actual loans outstanding**

Our core customer base is the average, everyday American who is looking to pay for situations ranging from unexpected car repairs, seasonal expenses or surprise budget shortfalls. The average FICO score of our applicants is around 600. Reports in 2017 calculated that 49% of all Americans are living paycheck to paycheck. Another report by CareerBuilder estimated that an alarming 78% of full-time workers are living paycheck to paycheck. This means that many people do not have savings as a backup in the event of an unexpected emergency, an interruption in their income or an unforeseen / unbudgeted expense. The same report from CareerBuilder estimated that 71% of all U.S. workers have actual loans outstanding. Suggestions that people should use their savings accounts, in the case of emergency, or go to friends and family, are simply unrealistic.

OUR PRODUCT:

- **Loans range from $100 to $2,500 depending upon the state's regulation**
- **Average loan is between $900 to $1,000 with an average APR of 91%**
- **We review the customer's ability to repay to ensure affordability**

We take pride in knowing the loans we offer are safe and affordable. But just how are the loans safe and affordable? Because we review the customer's ability-to-repay out of their regular monthly cash flow, and the loan is payable in equal, affordable monthly installments of principal and interest. Our review of the customer's ability-to-repay avoids lending to those who cannot afford the loan. In addition, we are licensed and audited by the states in which we operate and we do not require access to the customer's bank account as a condition of the loan. Depending on the state, we are allowed to offer our customers loans ranging from $100 to $2,500. Average loan amount at Atlas Credit is approximately $1,000. When a customer applies for one of our loans, we do not limit approval to just credit score. We also consider stability and financial history when we underwrite our loans.

OUR DIFFERENCE:

- **Installment loans are reported to the credit bureaus**
- **Repayments are affordable, equal amounts made up of principle and interest**
- **We review the customer's ability to repay to ensure affordability**

Very simply, payday companies do not test the ability to repay the loan from cash flow, relying instead on a post-dated check or access to the borrower's bank account as a source of repayment. The loans are typically of two weeks or one month's duration, and are payable in one lump sum, comprising the principal, interest and fees (known as a "balloon payment). Balloon payments are widely considered to be responsible for creating "cycle-of-debt" situations, in which borrowers who cannot make the payment have no choice but to refinance their loans. Credit data on these loans is also not accepted by any major credit bureau.

By contrast, installment lenders do test the ability to repay, and the loans are payable in equal installments of principal and interest, giving the borrower a clear and manageable roadmap out of debt. The payments for Installment loans are also spread out over the course of several months instead of just a few weeks with payday loans. Installment loans are reported to the credit bureaus, enabling responsible borrowers to build or repair their credit.

Installment lending has been around for decades, and has a long history of well-regulated provision of safe and affordable credit in a form it retains to this day. After state and federal regulators and lawmakers began to take aim at the payday industry, some payday companies began to pass some of their products off as installment loans, or "payday installment loans", a process known as "morphing". These loans might include some, but by no means all, of the features of a traditional installment loan and generally charged much higher rates.