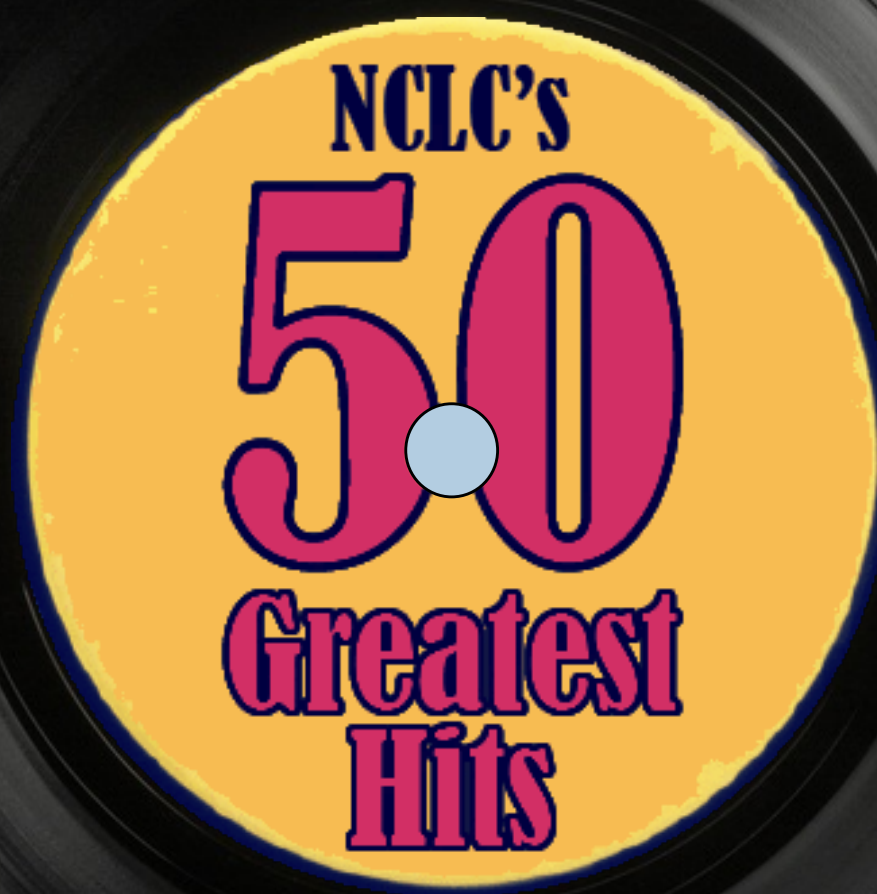


50 years of consumer rights and economic justice advocacy

NCLC 50

NCLC highlights **its top
accomplishments**
over five decades



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law champions
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NCLC Helps Establish Protections for Consumers Struggling with Debt Collectors

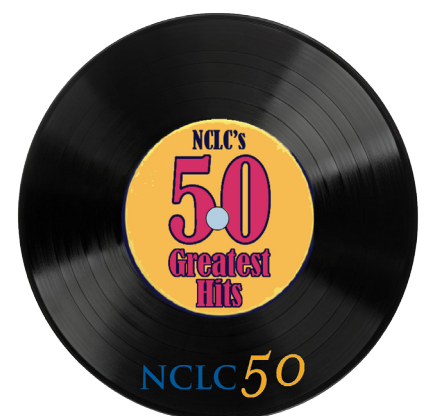
From its inception in the spring of 1969, NCLC has proposed the enactment of protections for struggling families dealing with deceptive, unfair, and abusive debt collection practices. NCLC's National Consumer Act (1969) and Model Consumer Credit Act (1972) included chapters detailing debt collection practices to be prohibited. NCLC borrowed from the best of existing state protections and developed new provisions based on staff experience working with legal services clients before coming to NCLC, as well as NCLC's work with allies including the Consumer Federation of America and its local affiliates, unions including AFL-CIO and United Auto

The Fair Debt Collection Practices Act (FDCPA) and state and federal statutes protect consumers from the harmful practices of debt collectors.

Workers, Jack Greenberg of NAACP Legal Defense Fund, Columbia University Professor David Caplovitz, legal services lawyers and others.

NCLC focused its initial efforts on supporting the adoption of a strong FDCPA on the Senate Banking Committee. NCLC's Robert Hobbs and Will Ogburn also worked closely with Lew Taffer, a former legal services lawyer and the Senate subcommittee's legal coun-

sel, to strengthen the final FDCPA bill, which was adopted by Congress and signed into law by President Jimmy Carter on Sept. 20, 1977.



NCLC Fights Predatory “Refund Anticipation Loans”

Protecting Low-Income Consumers from Tax- Time Abuses

Tax refund anticipation loans (RALs) target the working poor who are lured by the prospect of receiving an early advance on their tax refunds. RALs are in fact bank loans. In the 2000s, RALs were extremely high-risk loans aggressively marketed by tax preparers, bringing high costs to consumers despite saving them little time on their refunds.

In 2002, NCLC released a report with the Consumer Federation of America revealing that RALs drained \$810 billion in fees from more than 10 million taxpayers. The report gained widespread media coverage, and launched a sustained effort to combat

these predatory loans. With support from the Annie E. Casey Foundation and other funders, NCLC kept up the pressure through a series of annual RAL reports. By 2012 these loans had largely disappeared – saving low-income consumers billions of dollars.

In the last several years, however, a new version of RALs have reappeared. NCLC continues to monitor RALs for potential abuses, and -- through model laws, “mystery shopper” reports, amicus briefs and other efforts -- to shine a spotlight on predatory financial products, and advocate for federal and state regulation of RALs and tax preparers to better protect consumers from tax-time abuses.

By 2012 RALs had largely disappeared — saving low-income consumers billions of dollars.

Class Action Lawsuits Expose Racial Discrimination in Auto Lending



NCLC Takes On the Nation's Largest Auto Finance Companies and Secures Over \$100 Million in Settlements

Between 1999 and 2007, NCLC successfully challenged racially discriminatory lending practices as co-counsel in a series of 11 national class action lawsuits brought against the car financing industry under the Equal Credit Opportunity Act.

NCLC and co-counsel took on the nation's largest auto finance companies and banks, asserting that their lending policies had a disparate impact on African-American and Hispanic customers, who were charged much more for credit than whites with similar credit ratings.

Expert analysis revealed that auto dealers were twice as likely to add a "markup" to the loans of African-Americans as to comparable white borrowers, and when

comparable borrowers of either race were marked up, African-Americans paid significantly more. Similar disparities were observed for Hispanic borrowers at the national level. NCLC found statistically significant racial disparities in every state with sufficient data, and in every region of the country.

This powerful evidence convinced the courts that "the plaintiffs have proved their case" that discretionary markups led to unacceptable racially disparate impacts. The auto finance companies settled in all 11 cases, paid over \$100 million in compensation to consumers and non-profit consumer advocacy organizations, agreed to limit discretionary auto dealer markups for at least five years, and created and funded 24 two-year consumer law Brooks Fellowships at legal services offices across the nation.

Expert analysis revealed significant racial disparities at every income level and in every region of the country

NCLC Helps Build a Bar of Consumer Attorneys to Enforce Debt Collection Protections

Legal Practice Materials, Conferences and Case Consulting Services Support and Train FDCPA Attorneys

After helping enact a strong Fair Debt Collection Practices Act (FDCPA) in 1977, prohibiting many of the worst practices of debt collectors, NCLC leaders understood the need to help build a bar of well-equipped consumer attorneys to enforce the federal law, as well as state-level debt collection protections.

Training and supporting consumer attorneys has been at the core of NCLC's mission since its first day. NCLC's FDCPA resources include publications like our definitive treatise, *Fair Debt Collection*, which has been cited by the U.S. Supreme Court and has been the primary reference in the field for 35 years. Authored by experts who bring decades of experience on FDCPA litigation, legislation, and interpretations, the treatise now includes the FDCPA Case Connector, a searchable database of 14,000 FDCPA case holdings.

NCLC experts have consulted with legal services and private consumer attorneys on thousands of consumer cases, and NCLC has organized conferences and trainings including local legal services FDCPA trainings, FDCPA sessions at NCLC's



annual Consumer Rights Litigation Conference since 1992, and a focused FDCPA conference held each year since 2009, bringing practitioners together to strategize and learn from one another about the most effective ways to enforce the FDCPA and related state laws, in order to protect consumers from abusive, deceptive and unfair treatment by debt collectors.

NCLC Leads Efforts to Protect Homeowners from Abusive Mortgage Loans

Staff Plays Key Role in Passage of 1994 Home Ownership and Equity Protection Act (HOEPA)

In the 1980's and into the 1990's, U.S. home foreclosures were increasing dramatically, especially for high cost loans that refinanced "purchase-money" loans. These loans, often with double-digit interest rates, routinely included unreasonable balloon payments and exorbitant closing costs.

NCLC advocates led the effort to raise alarms about these predatory practices, and, with community groups, built bi-partisan support for meaningful restrictions on mortgages with high interest rates, points, and fees. In 1993 and 1994, NCLC attorneys Margot Saunders and Kathleen Keest, with the support of Elizabeth Renuart, testified multiple times before Congress. Saunders worked closely with Congressional staff to negotiate the language that would become the Home Ownership and Equity

Protection Act (HOEPA), which was passed by Congress in 1994.

HOEPA acted as an effective cap on interest rates and up-front fees for non-purchase money mortgage loans. Very few of these high-cost loans were made after its passage, saving borrowers of subprime loans tens of billions of dollars.



Margot Saunders (left) and Kathleen Keest (right) 1998.

NCLC's attorneys also led the successful effort to force the Federal Reserve Board to use HOEPA to prevent a range of unfair practices. NCLC was also closely involved in the crafting of initial and subsequent HOEPA regulations, and has led the efforts to maintain and expand those protections ever since, including through the 2010 Dodd-Frank Wall Street Reform and Consumer Protection Act and 2013 CFPB implementing regulations, which enhanced protections and remedies available to borrowers.

Credit Practices Rule Protects Consumers Against Abusive Terms and Conditions

NCLC stands as the Voice of Consumers in Credit Contract Rulemaking Proceedings

In the early 1980's, when the Federal Trade Commission (FTC) began to address abusive terms and conditions in original credit contracts, NCLC stood as the official voice of consumers in rulemaking proceedings. NCLC, led by Bob Hobbs and Jon Sheldon, conducted a survey of consumer law specialists regarding unfair and/or deceptive creditor practices and coordinated testimony from legal services attorneys, in addition to applying its own expertise.

On March 1, 1984, the FTC adopted a strong new Credit Practices Rule to protect consumers from contract provisions designed to give creditors an upper hand in collections and to evade legal protections for debtors. The rule prohibited confessions of judgment, exemption waivers, irrevocable wage assignments, non-purchase security interests in household goods, pyramid-ing late charges, and deceptive

cosigner practices, based on the FTC's finding that consumers suffered "substantial economic or monetary injury" and "substantial emotional or subjective harm" from the proscribed practices.

The credit industry fought the Rule, but after its appeals failed it complied – because it had to. The damaging terms and practices addressed by the rule ended, and within a few years consumer advocates rarely saw those specific problems in consumer credit contracts. And despite promises from industry that the "credit" sky would fall, it did not. Credit continued to be available to individuals and small businesses – only with less abusive terms.

Over time, consumer contracts have become more complicated, creditor collection techniques more sophisticated, and the number of abusive credit products on the market has increased – so today NCLC continues to fight against the newest generation of abusive credit terms, and for a needed strengthening of the Credit Practices Rule.



NCLC Defeats Widespread Adoption of Anti-Consumer Credit Code

Uniform Consumer Credit Code Failed to Protect Consumers

As soon as NCLC opened its doors, it launched a campaign against state adoption of the Uniform Consumer Credit Code (UCCC), a model statute supported by major banks and financial services companies to standardize the laws of consumer credit – in ways favorable to creditors, not consumers – in every state across the nation.

NCLC's assessment was that the UCCC failed to protect consumers against common creditor abuses, and set out to fight its adoption. As a first step, NCLC co-sponsored a conference with the National Legal Aid and Defender Association (NLADA) in June 1969, its first month of operation, attended by 55 consumer experts.

To illustrate the deficiencies of the UCCC and show states a better way forward, NCLC then drafted its own National Consumer Act (NCA), which provided far stronger consumer protections. The NCA

became the starting point for a Wisconsin Consumer Act, which in turn became the foundation for NCLC's Model Consumer Credit Act (MCCA).

NCLC's pressure campaign and model laws worked. Only seven states adopted the 1968 UCCC, and four more a second version in 1974, which contained better consumer protections – making the credit industry much less enthusiastic about its passage. The attempt to gain nationwide enactment of the UCCC soon died.

NCLC's campaign against the UCCC was a remarkable success. It marked the first time consumer representatives united to oppose uniform state legislation, and gave NCLC immense national credibility. And as important as the immediate victory was the notice it gave the credit industry: that whenever they presented a threat to consumers, they would face effective opposition from the new National Consumer Law Center.

NCLC Launches Disaster Relief and Recovery Project

Partners with Advocates in Puerto Rico, TX, FL, CA

After the 2017 hurricanes and wildfires that tore apart communities in Puerto Rico, Texas, Florida and beyond, NCLC launched a special project on Disaster Relief and Recovery for Low-Income Consumers. Working with frontline advocates and with significant leadership support from the JPB Foundation, the project was (and remains) focused on advocacy for immediate relief and policies to protect and lessen the financial burdens of survivors. In its first year, the Project:

Partnered with Servicios Legales de Puerto Rico (SLPR) to train over 200 legal services and pro bono attorneys in a Foreclosure Prevention forum in San Juan, as a year-long moratorium on foreclosures and legal actions began to expire.

Successfully requested that the U.S. Trustee for Puerto Rico issue a waiver of the statutory requirements for credit counseling for bankruptcy filers, in conjunction with the National Association of Consumer Bankruptcy Attorneys.

Helped organize and facilitate a working group of attorneys and housing counselors to develop housing policy recommendations and technical support plans, in conjunction with UnidosUS and the National Community Stabilization Trust (NCST).

Successfully urged the Department of Education to provide relief for student loan borrowers in disaster areas.



Met with senior staff at federal housing agencies to request improved options for disaster survivors. Soon after, the government announced policies to extend the term of a mortgage loan following a natural disaster without additional interest accrued or fees, a new disaster loss mitigation option, and more.

As global warming leads to an increase in natural disasters, NCLC's important work in this area will continue! bit.ly/nclc-disasters

NCLC Uses Consumer Law Expertise to Confront Criminal Justice Debt

NCLC's 50 Greatest Hits

Criminal justice debt has typically been approached from the perspective of civil and constitutional rights, but many of the consequences of excessive fees and fines are a core focus of consumer law. These costs are disproportionately borne by people, families and communities of color as well as those with low incomes, and have therefore become a core focus of the National Consumer Law Center.

Criminal justice debt warrants the attention of consumer advocates because it is a significant source of unaffordable debt for low-income people. These financial obligations are doubly damaging because of the draconian consequences – including reliance on predatory financial products, abusive debt collection practices, and even imprisonment – for those who cannot afford to pay them.

Integrated advocacy project includes education, legislation and litigation strategies for reform

In 2016, NCLC launched a Confronting Criminal Justice Debt Project with the release of an extensive, three-part report produced in collaboration with Harvard

Law School's Criminal Justice Policy Program (CJPP), including an NCLC-authored Guide to Litigation.

COMMERCIALIZED (IN)JUSTICE

CONSUMER ABUSES IN THE BAIL AND CORRECTIONS INDUSTRY



Since then, NCLC's Criminal Justice Debt team has created a free webinar series bringing together leading attorneys, academics, and other advocates, released reports including *Commercialized (In)Justice: Consumer Abuses in the Bail and Corrections Industry*, testified before state legislatures, challenged criminal legal system consumer abuses through impact litigation, and worked with national, state and local partners to advocate for equitable criminal justice reform.

NCLC's work in this area will continue as long as these injustices continue. (To learn more visit www.nclc.org/issues/criminal-justice.html.)

Military Lending Act Limits Interest Rates on Loans to Service Members

NCLC Fights for Fairness for Service Members and Veterans

Predatory lenders and scammers often target service members and veterans, who have steady but often limited incomes and can be vulnerable to abusive practices.

NCLC's 2003 report, *In Harm's Way — At Home: Consumer Scams and the Direct Targeting of America's Military and Veterans*, painted a disturbing picture of how U.S. military bases were surrounded by predatory lenders, check cashers, high-cost car dealers and a host of other scam artists.

The report sparked wide spread outrage and, together with persistent advocacy from a coalition in

which NCLC played a leading role, spurred Congress to pass the Military Lending Act of 2006. The Act placed an interest rate cap on many loans made to active duty members of the armed forces and their dependents, and banned lenders from inserting mandatory arbitration clauses into loans for the military.

Following passage of the law, NCLC has remained one of the leading organizations advocating for strong regulations to implement the Act as it has been amended over the years, and continues to focus on the financial well-being of those who serve our country.

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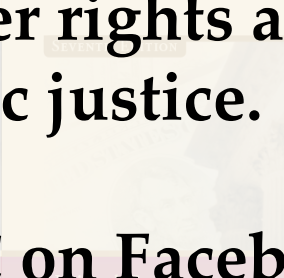
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