

LB 194 testimony
2/21/17

My name is Elsa Ramon-Moody (E L S A R A M O N hyphen M O O D Y). I'm here today to support LB 194.

I moved to Nebraska in June 2015. My daughter was in her final semester at Marquette University in Milwaukee, Wisconsin. She was scheduled to begin the Creighton nursing program in January 2016. In anticipation of this, I had moved to Nebraska ahead of her and had accepted a position as an Executive Assistant with a Public Housing Agency. This position paid well, and I was sure I had all expenses covered for our family. I am a single parent with no family in Omaha. After approximately 4 months, I unexpectedly lost my job. I immediately began looking for work, but I was unable to find employment and this led to sporadic temp work. I soon began to get behind on bills; I had rent, utilities, car payment, insurance, in addition to regular living expenses. In addition to my expenses, I was also responsible for paying the living expenses for my daughter, who was away at school and, who relied on me for financial support. I began by paying a little bit of money for each bill, but was unable to maintain this and could not fulfill my obligations to any of them. I was barely scraping by and was on the verge of eviction and car repossession. There were no family members that I could turn to. As desperation began to set in, all while trying to survive on a daily basis, sending money to my daughter for food and other necessities, and knowing that we would ultimately be needing money to bring her home to Omaha, I saw no hope, but had to resort borrowing from payday lending. I took out a first loan to help keep eviction at bay, then a second one to send money to my daughter for food, bills and other expenses, and finally the third loan to be able to pay for her transportation home and to store her belongings. The semester was over and she needed to come home. Back here, I was on the verge of losing everything. Our situation was desperate and devastating.

For a while, I continued renewing the loans until I finally realized that I was paying a hopeless money pit. I absolutely could not pay all three loans, the interest due, and continue trying to pay bills, not be evicted and salvage anything. It was impossible to pay any of them back. I had to renew and renew and it became a vicious cycle with no way out. I had taken out 3 different payday loans from three different Pay Day stores in Omaha within just a few months. All for \$500 dollars. It was very easy to go to get these loans and at the time, I desperately needed the money. The payday lending stores asked very little questions, as I went from store to store. I had to provide my checking information to them and had to write out a check to renew the loan each time. If I didn't do this, they would simply take the money out of my checking out. Which they ultimately tried to do, when I couldn't keep up. I ended up having to close out my checking account and one of the payday lenders ultimately filed for a judgment against me. I ended up trapped in this cycle and defaulted on all the loans. I needed to use whatever little money I did have to live on and to avoid a vehicle repossession. In January 2016, I ultimately hit rock bottom and I was fortunate and blessed that my church, St. Margaret Mary Catholic Church, stepped in and helped us out. Ultimately, I found a job that paid \$12.50 per hour, half of what I used to earn before, but enough to have an income of sorts. I insisted that my daughter start at Creighton, even under extreme hardships. After one semester, she had to drop out due to our financial situation. She took a full-time job, and together, we've been able to have somewhat of a recovery. She is now back at Creighton after almost a year.

What I would like you to know is that people have dire emergencies where there is very little recourse but for them but to go to these places. In my situation, it was critical to have those

funds, but it is extremely disturbing how this industry is legally allowed to charge the borrower these highly unreasonable fees that ultimately trap people in a cycle of hopeless debt for which there is no way out other than to continue paying their fees and interest. This situation put me hard path back to financial recovery. It is also well-known that Payday loans notoriously target low income, financially vulnerable people who have almost no other options to borrowing.

It is my belief that LB 194 will help protect consumers that are in these tight situations, and will help stop payday lenders from benefiting and exploiting them through predatory lending. I urge you to consider regulating these payday lending businesses in a much more reasonable and responsible effort. I urge you to carefully consider the benefits of LB 194, in the interest of those that are vulnerable, such as I was. If LB 194 had existed when I was taking out these loans, it would have helped me and my family repay these loans without the devastating consequences. I would have been better able to repay the loans if the terms were more reasonable and fair. Currently, these loans are specifically structured to keep people in a system of repayment and therefore maintain a cycle of debt. I do not expect payday lending to go away entirely, but I am asking you to re-evaluate how they are regulated and the devastatingly effect they have on consumers.

Thank you for your time and consideration.