

A Record of Outstanding Achievement

NCLC's History of Advocacy Results in Many Basic Consumer Protections

Banking Reforms

- **The Credit CARD Act** of 2009 is bringing consumers real relief from years of abusive, confusing fine print, junk fees, and penalty charges from the credit card industry. NCLC played a key role in advising lawmakers and pushing **important reforms that have eliminated many of the worst credit card abuses**, especially on retroactive interest rates, fee harvester charges, interest on payment balances, and penalty fees. Also included: protections for gift cards to ban fees and expiration dates which NCLC pushed for five years.
- As co-counsel in a series of national class action lawsuits (1998 - 2007) brought under the Equal Credit Opportunity Act, NCLC helped to transform car financing practices across the industry. The suits charged some of the country's largest auto finance companies and banks with maintaining policies that permitted car dealers to mark-up loan finance rates based on subjective criteria unrelated to credit-worthiness, a policy that had a disparate impact on African-American and Hispanic customers. **The lawsuits put an end to discriminatory loan practices that had operated secretly for over 75 years that had resulted in higher-interest rate car loans for minorities.**

Credit Reports & Scores

- NCLC was the lead consumer advocate **pushing for significant improvements to the credit reporting system** as part of the 2003 Fair and Accurate Credit Transactions Act (FACTA). NCLC focused on important gains for consumers in advancing the accuracy of furnisher reports, ensuring the meaningfulness of risk-based pricing notice, and ensuring that debt collectors were not permitted to avoid requirements of the Act.

Development of Consumer Laws and Advancing Consumer Law Expertise

- NCLC takes special pride in our **leadership role in the development of consumer law as an area of legal expertise - and in the increasing numbers of attorneys who practice in this field**. The National Association of Consumer Advocates, for example, was conceived at one of NCLC's national conferences. We look with much satisfaction at the increasing legal resources NCLC has helped to make available on behalf of low-income consumers.
- NCLC led the way in **training attorneys in the practice of consumer law** by publishing our first NCLC Consumer Law Manual in 1971. We now publish a 20-volume Consumer Credit and Sales Legal Practice Series for attorneys, as well as consumer books for consumers and advocates. Since our first National Consumer Law Specialist Conference in 1976, tens of thousands of attorneys have attended our trainings, workshops, and what is now the largest annual consumer law conference in the country.
- We led the fight for the FTC's 1975 Holder in Due Course Rule, which removed many of the obstructions consumers faced when seeking relief from creditors and forced financiers to take responsibility for policing the market. In 2012, NCLC requested the FTC affirm the Rule as some courts were limiting consumers' ability for recovery; the FTC Commission unanimously supported our opinion.
- Since its inception, NCLC has led the way in maintaining and strengthening the essential

consumer rights embodied in the **Truth in Lending Act (TILA) and Regulation Z**. For example: We were the primary force that prevented the complete evisceration of the right of rescission under TILA, which began with the Congressional response in 1996 to the *Rodash* decision to eliminate the right, and persisted through the passage of the Dodd-Frank Act in 2009. We successfully worked for passage of an amendment to the Dodd-Frank Act that adjusted the dollar threshold for TILA coverage for inflation and also ensured that auto loans were still protected by TILA.

Debt Collection & Bankruptcy

- NCLC set the standard for **third party debt collection** with our Model Consumer Credit Code that was the foundation for the federal **Fair Debt Collections Practices Act**. (FDCPA) and the credit codes of Wisconsin, West Virginia, and Iowa.
- NCLC led the effort to push the U.S. Treasury to regulate banks to protect federal exempt funds, such as Social Security and SSI benefits, from the claims of creditors. NCLC closely monitored the development of the Treasury Rule that now protects two months of federal benefits directly deposited in bank accounts from creditors.

Auto Fraud and Lending

- NCLC was instrumental in the passage of the **Magnuson-Moss Warranty Act**, the 1975 federal statute which ensures that consumers have the right to enforce warranties on consumer products. The Act prohibits manufacturers from dodging their obligations under written warranties on the ground that a dealer, not the manufacturer, sold the product. The Act also includes many protections against warranties that appear to promise real protection but hide limitations in the fine print.
- NCLC and allies continue work to strengthen the FTC's Used Car Rule to protect consumers from deceptive car sales.

Payday Loans

- Seven national and regional banks **exited the payday loan business** after pressure from NCLC, partner groups, and regulators led them to stop offering 300% interest "deposit advance" products. NCLC pushed forward by issuing guidelines to help banks develop affordable, responsible small dollar loan options.
- After NCLC highlighted federal credit unions that were using legal loopholes to evade their 18% interest rate cap and make triple-digit payday loans, most exited the business and focused instead on affordable loans.
- For more than a decade, NCLC and allies rallied against short-term, high-cost tax-time refund anticipation loans (RALs) processed through banks. The result? **By 2013, all of the banks that made the RAL loans stopped offering them, saving taxpayers an estimated \$1.24 billion.**

Prepaid Cards

- NCLC was the lead advocate in achieving strong regulations for prepaid cards, effective April 1, 2019. Consumers receive the same protections from fraud, unauthorized charges, and errors that debit card users enjoy, protections against abusive overdraft fees, and important disclosures including a simple, uniform fee chart so they can avoid hidden fees and comparison shop
- In a ground-breaking report, NCLC exposed the fees on state unemployment prepaid cards that were nickel-and-diming struggling people who needed every cent. Within two

years, nearly all states had improved their cards.

- NCLC and federal banking regulators stood up to Urban Trust Bank, which stopped permitting its prepaid cards to be used by the CheckSmart chain of payday stores to evade interest rate caps and payday laws in Arizona, Ohio, and other states.
- Our advocacy supported the passage of a California law in 2015 to ban overdraft fees and require FDIC insurance for prepaid cards used to accept unemployment benefits and child support payments.

Student Loans

- For years, NCLC documented predatory lending and other deceptive practices throughout the for-profit school industry. With others, we pressured the U.S. Department of Education, CFPB, and Department of Justice to improve student rights in the wake of the meltdown at for-profit Corinthian Colleges in 2014. NCLC urged the Department of Education to cancel the federal loans of Corinthian borrowers, and is seeking widespread relief for students harmed by other for-profit schools.
- In 2013, **NCLC helped expose a deceptive new student loan “debt relief” industry.** Our report galvanized national higher education organizations to expand student loan borrower assistance programs and 23 U.S. Senators called on federal officials to investigate the report’s findings. The CFPB and some state Attorney Generals have sued some of these companies for their deceptive marketing practices.

Sustainable Homeownership

- Since our inception, we have been at the forefront to help tens of millions of struggling homeowners through our ongoing advocacy to eliminate predatory mortgage lending practices and to prevent foreclosures. This includes NCLC’s work to support and improve federal law and loan modification programs, including the **Home Affordable Modification Program** and the **Home Affordable Refinance Program**; inclusion of a borrower’s ability to repay a mortgage in the Dodd Frank Act; and key improvements to the **CFPB’s mortgage servicing rules** to make lenders more accountable in the wake of the 2008 Great Recession.
- **NCLC Influenced Standards in 2012 Mortgage Servicing Settlement.** The servicing standards in the \$25 billion state-federal settlement with the five largest mortgage servicers, standards which the Attorneys General are now seeking to apply to more servicers through additional settlements, was the direct result of NCLC advocacy on servicing and loss mitigation. Standards that reflect positions we have advocated include force-placed insurance, application of payments, and loss mitigation, including both substantive and procedural requirements.
- Our leadership and shocking report on home improvement and second mortgage abuses led to the enactment of the **Home Ownership & Equity Protection Act of 1994** and legal remedies for thousands of unsophisticated homeowners who risked losing their homes because of equity stripping scams.

Fairness in Utilities Regulation & Programs

- NCLC’s design and evaluation of **affordable energy programs for low-income consumers** were critical to making them a reality. We were the primary advocate for the creation of the federal Low Income Home Energy Assistance Program (LIHEAP) and pioneered the Percentage of Payment Plan that targeted LIHEAP funds to those households most in need.
- NCLC is a leader to promote strengthening the **Telephone Consumer Protection Act** and to preserve long-standing protections for landline and wireless services.

