

Consumer Impact



Bank Payday Lending Is Gone

NCLC Pushes for Safer Small Dollar Loans

This past January, seven banks exited the payday loan business – a huge victory for financially stressed consumers who took out the short-term bank loans to meet basic expenses, but were then gouged with interest rates near or above 300% APR.

In response to regulatory pressure and public outrage, Wells Fargo, U.S. Bank, Fifth Third Bank, Regions Bank, Bank of Oklahoma and its affiliates, and Guaranty Bank have halted their deposit advance programs. Many of the banks say they are working on other products.

“Banks have thankfully exited the payday loan business,” says Lauren Saunders, NCLC attorney. “I am confident that banks that were making so-called deposit advance

continued on page 5

We Applaud the Pursuit of Consumer Justice

Consumer advocates give a standing ovation to U.S. Senator Elizabeth Warren at NCLC’s Consumer Rights Litigation Conference last November in Washington, D.C.

“Banks have thankfully exited the payday loan business.” – Lauren Saunders, NCLC attorney

New Report: Can Big Data Predict Your Credit Risk?

Donor Support Helps NCLC to Defend Consumer Privacy & Rights

Big data makes big promises that it can determine credit risk of consumers through information culled from Internet searches, social media, and mobile apps – and offer better lending products than payday loans to unbanked and underbanked consumers. Affordable access to credit is of vital importance to the economic well-being of the 64 million consumers in the United States who have no credit history or lack sufficient credit history to generate a credit score.

Unfortunately, big data doesn’t live up to its promises. A new NCLC report analyzes the information generated by major data brokers and seven lending products based on underwriting. “*Big Data: A Big Disappointment for Scoring Consumer Credit Risk* raises several red flags for consumers, policymakers,

and federal regulators,” says Persis Yu, NCLC attorney and co-author of the report. “Transparency and accuracy are some of the core tenets of consumer protection laws, and our analysis finds those requirements are nearly impossible to meet with big data.”

Big Data: Big Bust on Accuracy

NCLC asked 15 volunteers to obtain their data files from eBureau, ID Analytics, Intelius, and Spokeo. The two co-authors also obtained reports from Acxiom. The reports were riddled with inaccuracies or included little or incomplete information. Errors ranged from the mundane – a wrong e-mail address or incorrect phone number – to serious flaws, including incorrect incomes and mixing of identities. Given the size of the data set and the sources of information, it is highly unlikely that

Inside this issue

- 2 A Note from the Executive Director
- 3 Consumer Rights Litigation Conference
- 3 Protecting Low-Income Life Insurance Beneficiaries
- 4 Cy Pres Fuels NCLC Advocacy
- 5 Thank You for Paying It Forward!
- 6 Your Support Funded Advocacy: 2013 Highlights
- 8 A Tribute to John J. Curtin
- 8 People Behind on Their Bills Are Not Deadbeats
- 10 Your Support Helps Student Loan Borrowers in Need
- 11 Advocate Spotlight: John Van Alst
- 11 Credit Reporting Symposium Update

the companies that provide analytics to big data, and the users of that data, are meeting Fair Credit Reporting Act obligations.

continued on page 9

Consumer Impact

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A Note From the Executive Director

Welcome to this issue of *Consumer Impact*.

Did you notice a common theme in this issue? The active pursuit for positive consumer justice, beginning with our lead story on NCLC's longtime coalition work to end banks' payday lending, and our new report exposing big data's inability to ensure fair access to affordable credit.

We also highlight recent *cy pres* awards. These awards, and your individual giving, allow us to continue the high impact work that is our passion – work we are uniquely suited to do together with wonderful partners. Please spend some time reading “Your Support Funded Advocacy for Fair Financial Products” (pages 6 and 7).

Because you give so much to NCLC, we can offer trainings and other resources to extend and empower your work. I hope you read the February 2014 *Consumer Impact* e-blast on debt collection reform (and submitted comments to the CFPB on the problems with debt collection in the U.S.) – and that you were able to attend the NCLC Fair Debt conference in early March.

Also, to help you dig deep into new foreclosure prevention tools, we are offering a one-day intensive in June, *Handling Mortgage Servicing Cases under the New CFPB Regulations* (page 10). And mark your calendars: NCLC's Consumer Rights Litigation Conference will be this November 6 – 9 in Tampa, Florida.

We hope these resources support your practice and help with your advocacy.

Thank you for all you do – and for making it possible for NCLC to help low-income and other vulnerable consumers.

Sincerely,

Willard Ogburn, Executive Director

P.S. Speaking Truth to Power – and with Power. That's what your support of NCLC allows consumers, attorneys, and other advocates to do. I wanted to share with you photos (top right) commemorating the dialogue that we shared with U.S. Senators Franken and Reed at the 2013 Consumer Rights Litigation Conference in Washington, D.C.



Senator Al Franken (left) with F. Paul Bland, Jr. of Public Justice at the 2013 Consumer Rights Litigation Conference.



NCLC attorneys John Rao and Diane Thompson speak with U.S. Senator Jack Reed (right) at the 2013 Consumer Rights Litigation Conference.

With Your Support, NCLC Is Protecting Low-Income Life Insurance Beneficiaries

Since 2007, NCLC has been part of a team of lawyers seeking to protect beneficiaries of employer-provided life insurance policies from exploitation. “Insurance companies that create

retained asset accounts are gambling with other people’s money that is intended to protect vulnerable survivors,” says Stuart Rossman, director of litigation at NCLC. “These critical benefit funds never should be misused and placed at risk just to increase the insurer’s profit margin.”

NCLC and our co-counsel have filed a series of lawsuits against various life insurance companies challenging the practice of using retained asset accounts, as a violation of the Employee Retirement Income Security Act (ERISA). (Some insurance companies encourage beneficiaries to leave the benefits in a retained asset account rather than paying benefits directly to the beneficiaries. This practice allows the company to invest the benefits while potentially gaining large profits, which they do not disclose to the beneficiaries.) The lawsuits allege that the insurance companies are acting as fiduciaries under ERISA and therefore

are not permitted to self-deal or profit from their position.

NCLC has helped to negotiate three settlements with insurance companies that use retained asset accounts. The approved settlements have resulted in significant recoveries for large classes of low-income and other beneficiaries whose benefits wrongfully were used by the insurer for the insurer’s own gain.

One of the cases, *Merrimon v. UNUM*, went to trial last June in Federal District Court in Portland, Maine. The court ruled that the insurance company was liable to the plaintiff beneficiaries for over \$13,000,000. The *Merrimon* case is currently on appeal, as are two other national class actions against different insurers originally filed in Pennsylvania and Massachusetts.

We thank the many co-counsel who are working with NCLC – and our family of supporters – to seek justice for these beneficiaries.



NCLC Director of Litigation Stuart Rossman

BEVERLIE SOPIEP

We Thank All the Volunteers and Donors Who Make the Consumer Rights Litigation Conference Possible

Local Attorneys Make Each CRLC Happen



At last year’s Consumer Rights Litigation Conference in Washington, D.C., CRLC ‘14 host committee co-chairs Bob Murphy and Janet Varnell announce the upcoming CRLC in Florida.

CRLC ‘14 host committee co-chair John Yanchunis with NCLC Partners Council chair Elizabeth Cabraser at last year’s Class Action Cocktail Party.



KOCHFOTO

“Inspiring and informative. Quality of workshops is first rate. Chance to learn from the super stars in the area, all of whom are approachable and generous.”

– 2013 CRLC Attendee



Location of the 2014 CRLC: Tampa Marriott Waterside Hotel & Marina

TAMPA BAY & COMPANY

Save the Date

23rd annual Consumer Rights Litigation Conference

Nov. 6 – 9, 2014 in Tampa, Florida | nclc.org

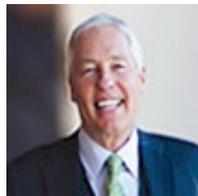
Cy Pres Fuels NCLC Advocacy

Ever Wonder About the Stories Behind Cy Pres Awards?

The following *cy pres* snapshots highlight the diversity of successful litigation that empowers advocacy to prevent future abuses against consumers.



Attorney Kevin M. Osborne of Arns Osborne Law Firm



Attorney Robert S. Arns of Arns S. Arns Law Firm

Carducci v. Wachovia Bank and Wells Fargo

The Arns Law Firm is a nationally recognized firm that represents plaintiffs – consumers, employees, and families – who have been abused and taken advantage of by unfair or illegal business practices. In 2010, the

firm filed suit against Wells Fargo for assessing late charges to mortgage payments that were made on time. The firm resolved the case, the class members were paid back in full, and the firm was able to direct additional funds to worthy organizations that stand up for consumers like NCLC.



Attorney Edward A. Icové of Icové Legal Group Ltd.



Rachel K. Robinson, Attorney at Law

Chavis v. Reisenfeld & Associates, LPA, LLC et al.

Attorneys Rachel K. Robinson, Edward A. Icové, Stephen R. Felson, and Judith B. Goldstein brought a Fair Debt Collection Practices Act class action on behalf of Ohio homeowner Tamara Chavis and others

against the foreclosure law firm of Reisenfeld & Associates, LPA, LLC, for engaging in deceptive communications and misrepresenting the amount of a debt by including a demand for attorney fees in its standard foreclosure complaint. On July 9, 2013, the United States District Court for the South District of Ohio, Eastern Division entered judgment approving the \$50,000 class settlement on behalf of over 3,400 class members.

Ms. Chavis was able to resolve the foreclosure and keep her home through the assistance of the federal Hardest Hit Funds program and a loan modification.



Attorney Kai H. Richter of Nichols Kaster, PLLP

Ulbrich v. GMAC Mortgage, LLC et al.

On November 14, 2011, the firm Nichols Kaster filed this lawsuit against defendants GMAC Mortgage, LLC (GMAC) and Balboa Insurance Services, Inc. (Balboa), alleging that GMAC improperly force-placed backdated wind insurance coverage on GMAC borrowers through Balboa.

Although GMAC filed for Chapter 11 bankruptcy, the case continued to proceed as to Balboa. In May 2013, the Honorable Robert N. Scola, Jr. approved a nationwide class action settlement with Balboa that resulted in \$650,000 in monetary relief for class members.

Thank you for advocating for your clients (as well as for NCLC in your *cy pres* deliberations).

Cy Pres Donors

August 2013 – February 2014

Many thanks to the following individuals and firms who have directed recent *cy pres* and other court awards to NCLC, which supports greater impact through our shared work.

Robert S. Arns	Niall P. McCarthy
Gail E. Chester	Kevin M. Osborne
Stephen R. Felson	Kai Richter
Judith B. Goldstein	Rachel K. Robinson
Edward A. Icové	Marc R. Stanley
Michael D. Kinkley	Keith R. Verges

Many of the *cy pres* awarded to NCLC come from multiple plaintiffs' counsel. We have endeavored to name all involved.

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Or subscribe to NCLC eReports for \$60 annually. View recent sample articles and order at nclc.org/ereports.



CRLC Scholarship Recipient Becomes a Scholarship Donor

Thank You for Paying It Forward!

Civil rights attorney Sean Hartfield recently donated money to NCLC's scholarship fund so that a new attorney of color from the northwest United States can attend the 2014 Consumer Rights Litigation Conference (CRLC).

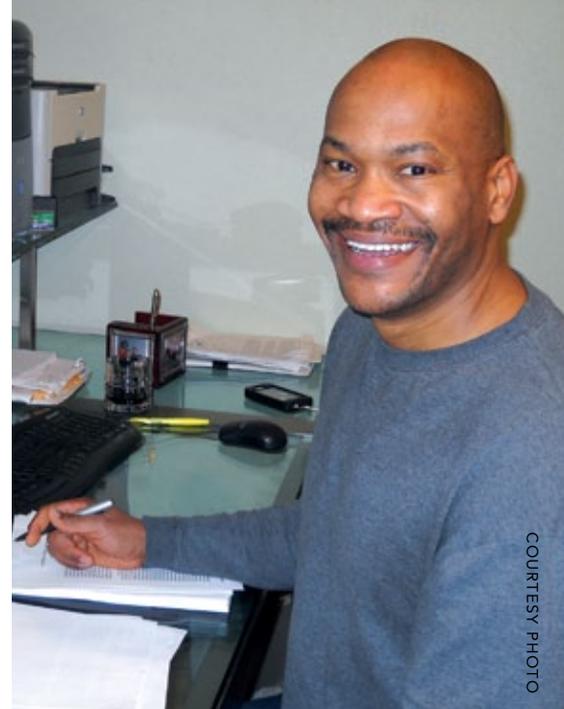
As a new attorney Sean was sponsored to attend the CRLC by other advocates,

including Phil Goldsmith who practices consumer law in Oregon.

Sean contacted Phil in December, e-mailing, "...I hope you will allow me to finally pay it forward by sponsoring (to the 2014 CRLC) someone of your choice, in your name."

That's how, by working together, we can grow the consumer law community.

If you would like to donate funds for a CRLC scholarship, please do so when registering for the CRLC – or contact Jerry Tuckman, gtuckman@nclc.org.



COURTESY PHOTO



KOCHFOTO

NCLC Executive Director Will Ogburn (right) congratulates 2013 Vern Countryman Award winner Rick Feferman. The Award is presented each year to an attorney whose special contributions to the practice of consumer law have strengthened the rights of low-income individuals in the United States.

Support our work
at NCLC.org

Please Donate to Help
Change the Rules
of the Game – in
Consumers' Favor

Bank Payday Lending... *continued from page 1*

products can develop better small dollar credit options and non-credit options, even for consumers who do not qualify for prime lines of credit."

Having advocated against bank payday lending since 2006, in coalition with consumer advocacy allies, NCLC is now urging banks to develop affordable, responsible small dollar loan options based on the principles set forth in the FDIC's Small Dollar Loan Guidelines – and in NCLC's 2010 report, *Stopping the Payday Loan Trap: Alternatives that Work and Ones that Don't*.

Those criteria include:

- Underwriting for ability to pay, not for ability to collect.
- No more than 36% annual percentage rate (APR), including fees.
- Amortizing installment payments instead of balloon payments.
- At least 90 days to repay the loan.
- No check holding or required (or coerced) automated repayment.

Learn More Online to Help with Your Local Advocacy

NCLC issue brief (January 2014) Guidelines for Affordable Small Dollar Loans – <http://tinyurl.com/lrlpfbk>

NCLC's 2013 report and issue brief, *Why 36%? The History, Use, and Purpose of the 36% Interest Rate Cap* – nclc.org/issues/payday-loans.html

FDIC's Small Dollar Loan Guidelines – fdic.gov/small-dollar-loans

Your Support Funded Advocacy for Fair Financial Products

PLEASE REVIEW THIS SUMMARY AND FEEL PROUD OF THE IMPORTANT CONSUMER PROGRESS THAT YOU MADE POSSIBLE IN 2013.

THIS WORK IS ONGOING IN 2014. YOUR DONATIONS ARE HELPING TO CONSERVE AND CONSTRUCT CONSUMER RIGHTS AND PROTECTIONS.

Landmark Lawsuit Against Morgan Stanley Survives Motion to Dismiss

LAST SUMMER, a federal court denied the defendant's motion to dismiss in *Adkins v. Morgan Stanley*, which alleges that Morgan Stanley violated the Fair Housing Act by encouraging lenders to push high-risk mortgage loans on African-American borrowers. NCLC and our co-counsel are currently engaging in discovery for the case.

This lawsuit is the first private racial discrimination enforcement action brought against a Wall Street investment bank under the Fair Housing Act. We are grateful to NCLC donors, supporters, and co-counsel Lief Cabraser Heimann & Bernstein, ACLU, and ACLU of Michigan for helping to make this historic litigation possible.

Banks Halt Overdraft Fees on Prepaid Cards

UNDER PRESSURE from federal banking regulators and consumer advocates, Urban Trust Bank announced early in 2013 that it 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.

Prior to this positive step, NCLC and several consumer groups had asked the federal banking regulators to stop Urban Trust Bank from partnering with Community Choice Financial, Inc. (CCFI) to offer prepaid cards with overdraft fees and credit features. CCFI operates a chain of check cashing and payday stores under the CheckSmart, Buckeye, and other brands in 14 states.

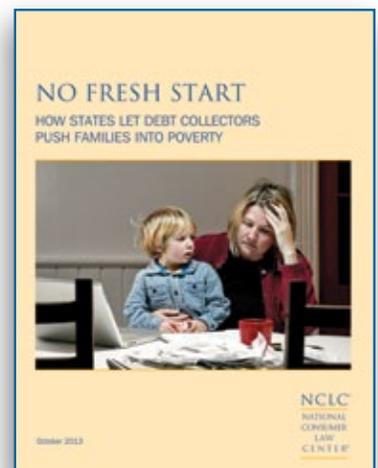
Working to Outpace Predatory and Illegal Debt Collectors

LITIGATION VICTORY: NCLC and co-counsel Ahmed Keshavarz scored a near-total victory in *Fritz v. Resurgent Capital and LVNV*, a debt collection case noting violations of the FDCPA. Debt buyer LVNV had filed state court collection suits in the name of one of its unlicensed subsidiaries in order to protect itself from liability.

REPORT PUBLISHED & REFORMS PROMOTED:

The NCLC report *No Fresh Start: How States Let Debt Collectors Push Families into Poverty* exposed that not one U.S. jurisdiction's laws meet basic standards so that consumers can continue to work productively to support themselves and their families while in debt. Reform legislation has since been introduced in two states – and is being considered by several others.

Want more information? You can find the report, state maps and information, and NCLC's Model Family Financial Protection Act (a model state law) at nclc.org/issues/no-fresh-start.html.



By the Numbers: 2013 Trainings for Consumer Advocates – Hosted by NCLC and Made Possible by Donor Support

NCLC trained **15,444** attorneys, housing counselors, and other advocates on how to help consumers in the financial marketplace.

NCLC attorneys presented in **30** webinars and gave **96** in-person trainings on a wide range of consumer protections and legal tools.

Want regular updates on NCLC’s webinars, books, eReports, regional trainings, and/or conferences? Sign up for e-alerts at: nclc.org/conferences-training/conferences-a-training.html.

Need a webinar on a topic of consumer law? Listen for free to any of the **108** archived webinars on NCLC’s website. Search by keyword or category. nclc.org/webinars.html.

Advocating for Stronger Federal Protections for Homeowners in **Foreclosure** – and Training Advocates on Using New Tools

IN THE YEARS before and after the financial melt-down of 2008, NCLC advocates worked tirelessly to secure better mortgage servicing rules in the United States to help homeowners and their advocates prevent foreclosures. In January 2013, the CFPB published long-awaited mortgage servicing rules. We welcomed the rules, but urged more steps.

“The foreclosure crisis is still with us. It is essential that we prevent the next one from happening,” says NCLC attorney Alys Cohen.

Now NCLC is crisscrossing the nation to train attorneys on the new CFPB mortgage servicing rules and other updated strategies for preventing foreclosures. We’re also advocating to secure and improve other protections to assist homeowners in financial distress and foreclosure.

To help homeowners with bruised credit recover from the foreclosure crisis, NCLC published *Solving the Credit Conundrum: Helping Consumers’ Credit Records Impaired by the Foreclosure Crisis and Great Recession* in December 2013.

Download the paper! nclc.org/images/pdf/credit_reports/report-credit-conundrum-2013.pdf

Online Payday Lenders Close Shop

SEVERAL ONLINE LENDERS who were operating illegally went out of business in 2013 after federal regulators, the Department of Justice, the New York banking department, several attorneys general, and NACHA – the Electronic Payment Association – responded to information from NCLC and others, and they signaled that the electronic payment system will not be open for illegal payments.

One concrete example—following a several-years effort by many consumer groups and regulators to crack down on online payday lending—was an August 5, 2013 letter from New York state regulators to 35 specific online lenders that said they were not licensed to make loans in that state. Since then, at least 9 of the payday lending companies have halted operations altogether.

2014 Preview: Advocating Against Debt Collection Unfair Practices & Harassment

On February 28, 2014, we filed nearly **200 pages** of extensive comments with the Consumer Financial Protection Bureau regarding **debt collection reform**.

A Tribute to John J. Curtin

A True Champion of Legal Services, a 20-Year Board Member of NCLC

It is with great sadness that we acknowledge the passing of John J. Curtin, Jr., a longtime member of NCLC's Board of Directors. Jack, as he was known, was a towering figure in the nation's and Boston's legal community, and he championed legal aid for the poor. "He was a good man in every respect, and we at NCLC were blessed to have his support and leadership for so many years," says NCLC Executive Director Will Ogburn.

In addition to being president of the Boston Bar Association and the American Bar Association, he was one of the saviors of federally funded legal services. In the early 1980s, when legal services funding was about to be eliminated, he organized the "Gang of Eleven" bar leaders to march on Washington to save legal services. Jack supported numerous good causes, publicly and privately. And until the very week he died, Jack was an active member of NCLC's Board of Directors.

We are very grateful for all Jack did for so many in need.



"He was a good man in every respect, and we at NCLC were blessed to have his support and leadership for so many years."

– Willard Ogburn,
NCLC executive director

From Texas: Poor People Behind on Their Bills Are Not Deadbeats

NCLC Successfully Urges Lawmakers to Help Delinquent Austin Energy Customers

Last December, the Austin (Texas) City Council adopted an ordinance requiring the municipal-run Austin Energy to provide LIHEAP-eligible customers with the most progressive deferred payment agreement structure in the nation. (LIHEAP is the federal Low Income Home Energy Assistance Program.)

To have an installment plan work, it has to be on reasonable terms that take into account a person's actual income and expenditures," testified NCLC Energy Analyst John Howat before the Austin City Council.

NCLC was hired by the Texas Legal Services Center to work with individual city council members and deliver testimony before the Council to promote the deferred payment program. The new installment payment program will give low-income electricity customers up to 24 months to make reasonable payments in equal installments without running the risk of electricity shut-offs, among other consumer protections.

The grassroots organization, Texas Ratepayers Organized to Save Energy (Texas ROSE) was also integrally involved in the campaign to adopt the new payment agreement.

Here is an excerpt from an e-mail that Randy Chapman of Texas Legal Services Center sent to NCLC's Executive Director Willard Ogburn after the installment plan ordinance passed the Austin City Council:

"I want to thank you, John [Howat], and the staff of NCLC for making John available to assist us in Texas. Having data available from other states, and the imprint of a person with national expertise; John gave new and added credibility to our longstanding arguments that a policy change for a harsh policy

on disconnections was overdue... We could not have accomplished this result without the research and expertise of NCLC advocates."

In turn, NCLC could not sustain this utility consumer justice work without the support of donors and great partners like Texas Legal Services and Texas ROSE.

Thank you for your help and partnership in promoting consumer justice! And congratulations to all of those in Austin who made this low-income ratepayers' victory happen.



NCLC Energy Analyst John Howat (left) and Randy Chapman, executive director of the Texas Legal Services Center, after passage of an ordinance to help low-income consumers prevent electricity shut-offs.

Impact Update

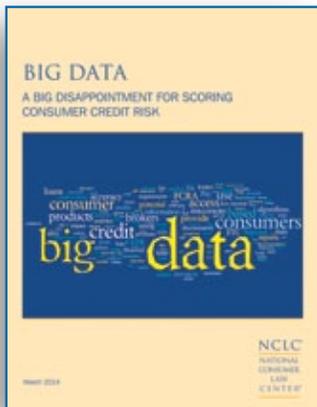
NCLC Stops Utility Proposal to Demand Cash Up Front

A prepaid electric utility service proposal was stopped this past January, thanks to a final order by the California Public Utilities Commission (CA PUC) and the intense advocacy that NCLC put into opposing this proposal during the last two years. This was a significant case as it was the first prepaid service proposal by an investor-owned utility in the nation.

Big Data... continued from page 1

Big Data: Big Risk to Fair Credit; NCLC Evaluates the Discriminatory Impact

“We also have serious concerns regarding potential discrimination against underserved populations, including people of color and low-income consumers,” says Yu. Because big data scores use undisclosed algorithms, it is impossible to analyze the algorithm for potential racial discriminatory impact. According to the data brokers’ marketing materials, consumers are judged based upon data generated from their Internet usage, mobile applica-



tions, and social media. However, access and usage of these sources vary by race and socioeconomic status, and thus any algorithm based upon them may have racial disparities.

Advocacy is needed to update consumer credit and privacy protections. NCLC needs your support and partnership in this effort. Please start by exploring this issue further on NCLC's website: nclc.org/issues/big-data.html.



Thanks for the Shout Out!

Look who tweeted about NCLC's advocacy. NCLC attorneys spoke with prominent journalist Mike Konczal, a fellow at the Roosevelt Institute, regarding mortgage servicing abuses and the federal government's Direct Express card for Social Security beneficiaries.

Mike Konczal@rortybomb

Always impressed at the tight ship the National Consumer Law Center runs – tough, smart, fair, extensive knowledge. <https://www.nclc.org>

“Because there is usually an immediate loss of all electricity service to a home when prepaid billing credits are exhausted – as they so often do for financially stressed households – we urge regulatory agencies to carefully consider the potential tragic consequences of prepaid utility programs,” said NCLC Energy Analyst John Howat.

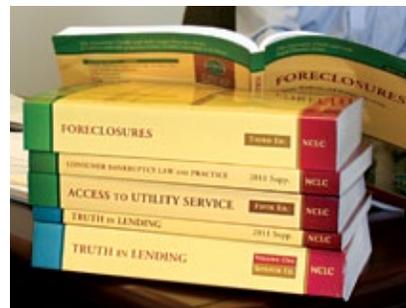
In California, the PUC did not close the door on any new prepaid

service proposals, but emphasized that disconnection would not be allowed without secure notification. The challenge now for advocates in California, as well as in many other states, is to push for adoption of less punitive means of addressing overdue bills and unaffordable security deposit problems for low income electric and gas customers.

Keep Your Consumer Law Library Up-to-Date

In December, NCLC released 10 new updates to our Consumer Law Practice Series. Highlights include:

- *Fair Credit Reporting 8th Edition* with analysis and citations to all the new CFPB regulations interpreting the FCRA.
- *Repossessions 8th Edition* updated to comprehensively cover how to respond to repossessions of motor vehicles and motor homes, and deficiency claims. This volume also covers critical UCC and other state law protections.
- *Truth in Lending 2013 Supplement* reprints in redline an updated Regulation Z and Commentary, including the seventeen new Reg. Z Federal Register notices published since last year's main edition – with full analysis of all these changes and a new chapter on Reg. Z's substantive regulation of mortgage lending.



Also in December, NCLC released these new updates:

- *Consumer Bankruptcy Law and Practice 2013 Supplement*
- *Student Loan Law 2013 Supplement*
- *Unfair and Deceptive Acts and Practices 2013 Supplement*
- *Federal Deception Law 2013 Supplement*
- *Consumer Arbitration Agreements 2013 Supplement*
- *Access to Utility Service 2013 Supplement*
- *Consumer Law Pleadings 2013 Website and Index Guide*
- *Consumer Law on the Web December 2013*

All titles include free updated companion websites allowing you to download, print, and edit pleadings, agency interpretations, case summaries, and more.

In addition, NCLC recently published *Foreclosure Prevention Counseling: Preserving the American Dream* (Third Edition) for housing counselors and other advocates.

For more information on all NCLC Publications or to order, visit nclc.org/shop or call 617-542-9595.

Striking Back – Your Support Helps All Student Loan Borrowers in Need

Student Loan Advocacy Helps Compel Actions Against Abusive Lenders and Servicers

The Federal Reserve reported in February that outstanding student loan debt in the U.S. has reached \$1.08 trillion, with 11.5% of loans 90+ days delinquent or in default. Student loan consumers need strong and consistent continued advocacy to ensure that their voices are heard. NCLC is heartened by recent steps by federal and state regulators against abusive student loan lenders and servicers.

Major recent events – and related NCLC advocacy – include:

March 2014 To bring the voices of low-income students into the debate about college success, NCLC published a new report, *No Lost Causes: Practical Ideas to Help Low-Income Students Succeed in College*.

➔ More: <http://tinyurl.com/myprnyp>

March 2014 NCLC sent a letter to the CFPB and U.S. Department of Education regarding potential abuses of the Department's new Direct Loan consolidation system, in which a student borrower will be required to select a general loan servicer.

➔ More on this blog! <http://tinyurl.com/o3vazqc>

February 2014 The CFPB filed a lawsuit against for-profit school ITT Education for predatory lending practices. NCLC sounded the alarm on these practices in our 2011 report *Piling It On*.

➔ Download the report: <http://tinyurl.com/oraztzu>

January 2014 NCLC published *The Sallie Mae Saga: A Government-Created, Student Debt Fueled Profit Machine*. The report emphasizes the importance of day-to-day advocacy to ensure that servicing, collection, and for-profit school issues – and the agonizing financial difficulties these all create for financially vulnerable student loan borrowers – remain front and center.

➔ Download the report: <http://tinyurl.com/q4n9dyx>

“To voice the needs of struggling student loan borrowers, we want to keep catching the eye of a wide range of regulators and policymakers.”

– Deanne Loonin, NCLC attorney and director of NCLC's Student Loan Borrower Assistance Project

January 2014 The new Student Protection Unit within the state of New York's Department of Financial Services issued subpoenas to 13 student debt relief companies as part of an investigation into potentially misleading advertising, improper fees, and other consumer protection problems.

New York officials highlighted that NCLC blew the whistle on shoddy student loan debt relief practices, discussed in our June 2013 report

Searching for Relief: Desperate Borrowers and the Growing Student Loan “Debt Relief” Industry.

➔ More: nclc.org/issues/searching-for-relief.html

For more information on student loan issues, please visit NCLC's Student Loan Borrower Assistance Project at studentloanborrowerassistance.org.



Register Today! Handling Mortgage Servicing Cases Under the New CFPB Regulations

June 23, 2014 | Dallas, TX

This NCLC one-day intensive will provide an in-depth review of the privately enforceable mortgage servicing regulations under RESPA and TILA. Topics include:

- Early intervention and continuity of contact requirements
- Loss mitigation procedures (including dual tracking protections)
- Notices of error and requests for information (the Qualified Written Request procedure under RESPA has changed)
- Requests for identity of mortgage owner
- Requests for payoff statements
- Force-placed insurance requirements
- Periodic mortgage statements
- Mortgage payment application
- Payment change notices
- Private remedies under RESPA and TILA
- Strategies for identifying and proving damages

Speakers include NCLC attorneys John Rao and Tara Twomey ■ Special conference hotel room rate of \$125 per night ■ For more information and to register online, visit nclc.org ■ Questions? Email conference@nclc.org. Some scholarships available.



Because of Your Support...We Are Advocating to Stop Abuses in Car Sales and Finance

NCLC attorney John Van Alst directs NCLC's *Working Cars for Working Families (WCWF)* Project, a coalition of groups united to ensure that families in need can get, keep, and use a reliable used car at fair terms. Visit: workingcarsforworkingfamilies.org.



KEN MARTIN

Federal regulators have taken several steps to address discriminatory lending in car sales, one of the priorities of WCWF. Last December, the CFPB and U.S. Department of Justice obtained the largest auto loan discrimination settlement in history. (Ally Financial and Ally Bank have agreed to pay \$80 million in damages to harmed African-American, Hispanic, and Asian and Pacific Islander borrowers, and to also pay \$18 million in penalties). Also, the FTC recently launched a nationwide sweep that resulted in nine auto dealers agreeing to settle deceptive advertising charges, and the FTC is taking action against a tenth dealer.

Q What role did NCLC play in obtaining the recent advancements described above?

A NCLC's been on the forefront of these efforts for years. We have always worked closely with attorneys who represent thousands of consumers who face these abuses every day. The litigation work we began over a decade ago really opened the door for the Ally settlement. We have raised these issues in our testimony to Congress and at roundtables, forums, and other events held by federal regulators. We also elevate these issues in the media. All of that work has played a role in focusing regulators on these issues.

Q Why did NCLC develop the WCWF project?

A Cars play a tremendously important role in our lives here in the U.S., particularly for low-income families. A good car opens up possibilities for employment, affordable housing, and more. Unfortunately, the car sales and finance market is rife with abuses and lacks transparency.

Car Ownership Can HELP People: Why Is this Man Smiling?

...Because Vehicles for Change helped him to obtain a car in order to get to work! Read Donald Coleman's inspiring story at workingcarsforworkingfamilies.org.

Vehicles for Change and several other auto ownership programs are highlighted in an updated guide that is designed to help nonprofit or government organizations start or improve programs that help low-income families and individuals obtain reliable, affordable autos.

Download the guide at nclc.org/special-reports.html. And find a nonprofit vehicle ownership program near you by visiting NCLC's website: workingcarsforworkingfamilies.org.



VEHICLES FOR CHANGE

Q What will WCWF be focused on in 2014?

A We will continue to push to make sure that dealers are not compensated for putting consumers in more expensive loans. We will continue to focus on the way binding mandatory arbitration clauses keep car buyers from asserting existing protections. We are also planning another of our regularly occurring in-person meetings for advocates, car ownership program leaders, and policymakers.

Symposium Update

Legal Scholars Highlight the Need for Credit Reporting Reforms

Suffolk University Law School and NCLC co-hosted a Symposium on Credit Scoring and Credit Reporting in June 2012. The *Suffolk University Law Review* recently published several papers as the result of the Symposium in a special issue (December 19, 2013 – Volume 46, Number 3). Many thanks to Professor Kathleen C. Engel and Suffolk Law School in Boston for the enormous amount of work and support they provided to the Symposium.

Articles include:

- "Discriminatory Effects of Credit Scoring on Communities of Color"
- "Credit Reports & Employment: Findings from the 2012 National Survey on Credit Card Debt of Low- and Middle-Income Households"
- "Medical Debt and Its Relevance When Assessing Creditworthiness."

Access these and other articles at: suffolklawreview.org/category/print-edition/.

