

Testimony in Support of HB218
Senate Financial Institutions and Insurance Committee
March 24, 2021

Mr. Chair and Members of the Committee,

I'm Andrew Morrison, Executive Vice President with Brundage Management, which operates [Sun Loan Company](#). Sun has over 230 stores in 7 states. A Texas-based company, we also have a large presence in neighboring states, Oklahoma and Missouri. We are a traditional installment lender, meaning our loans are repaid over time, with each payment paying down principal. Unlike payday loans, our loans do not carry a balloon payment, and unlike lines of credit, the installment structure provides a clear pathway out of debt. We are part of the Kansas Financial Services Association and the National Installment Lenders Association. I am also a former chairman of the American Financial Services Association.

We support HB 218. We cannot operate profitably in Kansas under current law, but if HB 2189 took effect, we could, and would, do so. This is because HB 2189 modernizes and deregulates Kansas' consumer lending statutes to make small installment loans viable by allowing a 36% interest rate plus a \$30 monthly service fee. Current Kansas law requires unsustainably low rates for installment loans, while allowing much higher rates for other types of loans. HB 2189 contains reasonable safeguards around term, cost, and affordability, while allowing enough revenue for traditional installment loans that it would create parity with other states where traditional installment lenders operate. As a result, Kansas would see a marked expansion of access to installment credit with the benefits that brings to consumers.

Our company provides safe and affordable loans, underwritten and repaid in regularly scheduled installments that give borrowers a clear roadmap to pay down their debt. Traditional installment lenders also report loan performance to the major credit bureaus, enabling responsible borrowers to improve their credit scores and helping consumers build or repair credit scores while providing tools to help them achieve their financial goals.

We believe the traditional installment loan structure is the best model for small-dollar loans, offering the least risk and best opportunity for financial security and increased opportunity for millions of Americans. For this reason, we see traditional installment loans as a potential policy solution for policymakers who wish to simultaneously protect consumers while maintaining wide access to credit for borrowers who can benefit from it.

Some have claimed this bill would restrict access to credit. On the contrary, we believe that this bill would expand access to credit for those who can actually afford it. This can be seen from the research conducted by Pew, which estimates a payday loan takes 25% of a borrower's Gross Monthly Income, whereas a typical traditional installment loan payment is only 5% of Gross Monthly Income. Far more people could afford to repay an installment loan than could afford a payday loan.

We serve the communities in which we are based—from brick-and-mortar offices through loan officers who live locally. We offer a range of loan sizes and terms to consumers who wish to borrow just a few hundred dollars to consumers who wish to borrow a few thousand. We also serve those with low credit scores or who are unbanked if they have the ability to repay, reaching customers who need access to credit but do not qualify for a credit card or prime loan.

We hope you will support HB 218 to protect consumers and expand access to well-structured credit by allowing Kansans to benefit from traditional installment loans.

Andrew Morrison

andrew@brundagemgt.com