



23RD NAVAJO NATION COUNCIL OFFICE OF THE SPEAKER

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Budget and Finance Committee opposes Arizona bill regarding the sale of flexible credit loans

WINDOW ROCK – The Budget and Finance Committee approved Legislation No. 0174-16 on Tuesday, which seeks to oppose Arizona Senate Bill 1316, which would establish the sale of flexible credit loans that affect finance charges and fees for personal, auto, payday, auto title, and short-term loans.

Legislation sponsor Council Delegate Jonathan Hale (Oak Springs, St. Michaels) said S.B. 1316 would allow the Annual Percentage Rate to exceed the current capped rate on loans and allows financial lenders the opportunity to increase predatory lending throughout Arizona through higher interest rates.

Delegate Hale said although the bill was not considered by the Senate during the last Arizona legislative session, it is still important for the Nation to issue an official position in case a similar or identical bill is introduced in the next session.

“A bill such as this would allow the APR to exceed the capped rate of 36%. As we know, many people go to Gallup and fall victim to predatory lenders, and by the time they get a \$500 loan it’s triple that amount and they have to forfeit whatever property they might have as collateral,” said Delegate Hale.

Delegate Hale said current issues with predatory lending in New Mexico would begin to occur in Arizona border towns that receive substantial business from Navajo citizens.

In a letter dated March 21 from the Office of Navajo Nation Human Rights Commission executive director Leonard Gorman, he states that if S.B. 1316 became law, Navajos who reside in Arizona would be subject to the exact same practices exhibited in New Mexico, in which single mothers, veterans, elderly, and Navajos are the most vulnerable victims.

“We found that predatory auto lending targeted Navajo elders, Navajos with limited English comprehension, and Navajos with fixed incomes,” said Gorman. “The Navajo Nation needs to understand that small loan businesses (i.e. payday loans, title loans, and short-term loans) market their loans as a one-time quick fix, but the interest rates and fees are so high borrowers often end up not being able to pay off their loans and cover their normal living expenses simultaneously.”

He added that small loan businesses often are not thoroughly explained in the Navajo language, such as the terms and conditions of the small loans that entail detailed information to explain penalties, procedures to resolve disputes and collections, late fees, and deferred payment terms, said Gorman.

Newly appointed BFC member, Council Delegate Leonard Tsosie (Baca/Prewitt, Casamero Lake, Counselor, Littlewater, Ojo Encino, Pueblo Pintado, Torreon, Whitehorse Lake) suggested that the NNHRC attach a record of complaints and accounts from Navajo people to the legislation regarding the negative impacts that predatory lending has had on their every day lives.

“It would be nice if the NNHRC would make note of the experiences that Navajos have had with predatory lending rates being so high to show [state legislators] what is coming if this is allowed in Arizona. It is true that this is predatory and it does hurt Navajo families, but it would be nice if we could catalog those instances,” said Delegate Tsosie.

Delegate Tsosie said the Navajo Nation and NNHRC would need to develop ways to prevent Navajo people from becoming victims of predatory lending and advocate to state and federal leaders to pass laws that would protect vulnerable loan borrowers.

BFC members voted 3-0 to approve Legislation No. 0174-16. The bill moves forward to the Naabik’íyáti’ Committee for final consideration.

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