

Dear Chair Carter and members of the House Insurance and Financial Services Committee:

My name is Andrea Ruthenberg, I am an area manager for Advance America here in Michigan and have lived in Michigan most of my life. Within my role I assist in overseeing daily operations of 13 branches in our division. I am a direct report to 3 of those branches, as well as managing my home branches day to day operations as a center manager. 4 out of 5 of my days are spent handling in person customer transactions. I have been with the company just over 5 years. I started as a Branch manager, quickly promoted to divisional training manager and am now an Area Manager. The my primary work location is our Advance America store in Pontiac, in Chair Carter's district. I also just completed a high potential leadership program within our organization. However, before I was an employee, I was a customer.

Like many of our customers my household had fallen on hard times. My husband's check was short and we needed money for gas to get to work and I was worried about my kids lunch check clearing before my paycheck hit the bank. I asked a friend to loan me \$100 and she told about payday loans and how they could help me. I had never heard of them before and had no idea how much something like this would cost and if I'd even get approved. I remember being so embarrassed and afraid that I was going to be denied like every other place I tried, that I did not even want to go in person. I applied for my first loan online and selected the option to pick up cash at the branch. I got approved for \$400 and was amazed that loaning this \$400 was only going to cost me about \$55. I was not only able to get gas and have enough for the lunch check to clear, I was also able to get groceries two days earlier so we weren't just scuffling by on Ramen until payday. For my family, that \$55 was well worth it. Had the lunch check bounced it would have cost me at least double that with bounced check and overdraft fees. After this loan I did not need to take out another one and was so impressed with the ease of the process and the amazing customer experience, that I wanted to join the team to help others like me and here we are 5 years later.

This story is not unique, in fact I hear very similar situations to this on a daily basis. I have many customers on fixed incomes who just need help getting to the next paycheck. I have customers who generally make decent money and are financially responsible who just fell on hard times. While I have other customers who use this process as an easier way to budget because their bill due dates don't align with their pay dates. Whatever the customer needs, we are here to help.

#### How the payday process works in the branch:

When a customer enters our branch to take out a payday loan, we gather their documents to verify identity, income, and banking which they use for collateral. We check their ID, social security card, bank statement and check stub. Customers can have these items printed out or we can look on their payroll and digital banking apps to verify. We enter all their data into the computer and submit it to underwriting. Our underwriting comes back with an approval amount and we let the customer know their approved amount. We then show them the chart on the wall that displays what each \$100 would look like to them in terms of annual percentage rate, fee amount, and total payment due. Our customers are not concerned with the interest rates, they are looking at the direct cost or fee that is going to affect them that pay cycle, in that moment. We

explain to the customers the full amount is expected as payment on their due dates. Most customers take a few moments to figure out how much they actually need and what they can afford on their next pay date. We then put that amount in the computer and the customers contract is shown on a tablet for them to review. We read the full TILA boxes to the customer and again explain the annual percentage rate and inform them the total is due on their due date. The customer then reads and signs their agreement. Customers can select to get cash or an instant deposit sent to their debit cards. Customers leave happy and fully informed of the loaning process.

On the customers due date they have until the close of business to either come in branch and pay in cash or card, go online to make a payment, or they can pay over the phone using our IVR system. If a payment is not made by the close of business, during our end of day process the system will pull the funds from their bank account via Check, ACH, or Debit card. Whatever method the customer authorized at loan origination. There are no fees or penalties for this option, and in fact many customers choose this option and are happy the process is that simple and ends there.

If the customer wanted to borrow again after their loan is paid, they could choose to do so and this process would repeat. Once a customer has taken out 8 payday loans anywhere in the state, our system alerts us to let the customer know they qualify for a Michigan Repayment Plan. There is also another box that the customer acknowledges during their loan origination that states they are eligible for the payment plan. If a customer chooses to go on a payment plan they pay a small fee set by the state on their due date instead of their payment. Then their payment is split equally into their next 3 paydays. This helps customers slowly pay their loan back without being too much at one time for their budget.

There are times customers can't make their payments maybe they lost their job, their payroll messed up their check, or their check was a tad shorter than expected. In these instances, we can usually give customers extensions as long as their loan terms don't exceed the state max of 31 days. If it were to exceed 31 days we would have to process the payment and close the loan out. The customers do have an option to revoke their collateral and nothing is pulled from their account. If the customer revokes or the bank declines the charge, it comes back to us as returned. We then work with the customers to set up payment arrangements that fit their needs. Each customer's situation and needs are different and we base our transactions off their needs. Some customers just need a week and will pay in full, some just need two or three payments, while other customers may need their payments broken down into even smaller payments and we are still able to work with them. Either way we are there to help them through this difficult time.

I am very passionate about truly being here to help our customers because I too was in their shoes. I encourage you to think of these stories as you make your decisions today. Thank you for your time, I am happy to answer any questions.

Thank You

Andrea Ruthenberg