



Testimony in Support of House Bill 5042
House Committee on Corporations
Andrew Posner, Capital Good Fund

March 12, 2025

Chair Solomon and members of the House Corporations Committee:

As the Founder and CEO of Capital Good Fund, a Rhode Island-headquartered national nonprofit,¹ I am pleased to yet again submit written testimony on behalf of the organization in strong support of House Bill 5042. As someone who has founded and then led a lending institution for the past 16 years, **I know first-hand that the predatory lending products offered by payday lenders are both harmful and unnecessary.** One of our clients, Richard L. of East Greenwich,² received a \$1,000 loan from us to help bridge a cash flow challenge early in the COVID-19 pandemic. He had been burned by triple-digit payday loans in the past and needed a loan that wouldn't bleed him dry during a time of economic difficulty; he saved \$700 in interest and fees by not getting a payday loan.

We have served over 16,000 families with low or no FICO scores while maintaining a 97% repayment rate and charging affordable and transparent interest rates: **the industry talking point that there are no alternatives to payday loans in Rhode Island is false.** What's more, not only do dozens of faith and community-based organizations support eliminating the loophole for payday lenders, but **so do the majority of Rhode Island voters:** a poll commissioned in 2022 by the Center for Responsible Lending found that, by a 49-point margin, voters in Rhode Island favor a 36% rate cap on loans;,, across Democrats, Republicans, and Independents.³

A few key points are worth noting:

1. Except for a special carveout for deferred presentment loans, **Rhode Island already has a 36% rate cap in place.** Numerous lenders—Capital Good Fund, Navigant Credit Union, Bank of America, to name a few—offer excellent small-dollar personal loans
2. Payday lending is so harmful that, in 2006, Congress passed the Military Lending Act to “protect active-duty members of the military, their spouses, and their dependents” from

¹ <https://www.capitalgoodfund.org>

² Richard authorized Capital Good Fund to share his story

³ Center for Responsible Lending. (2022, February 17). *Poll finds broad, bipartisan support for lowering payday loan interest rates from 260% to 36% in Rhode Island.* Center for Responsible Lending. Retrieved March 23, 2022, from <https://www.responsiblelending.org/media/poll-finds-broad-bipartisan-support-lowering-payday-loan-interest-rates-260-36-rhode-island>



high-interest loans, including payday loans.⁴ It is common sense to extend to Rhode Islanders the same protections afforded military families.

3. **Eliminating payday lending does not have a negative effect on consumers or the economy.** On the contrary, the data show that the money families save on interest and fees will boost the local economy.
 - a. In 2021, Illinois passed the Predatory Loan Prevention Act, which established a 36% APR rate cap on all loans. Since then, equitable lenders have seen an increase in loan volume, and there has been no negative impact: the bill remains popular with voters and consumers and the economy is strong.
 - b. In February of 2022, New Mexico also enacted a 36% rate cap.⁵
4. **Rhode Island is the only state in New England allowing payday lending;** it's time for us to join the majority of states by banning usury.

For all these reasons and more, Capital Good Fund strongly supports **Senate Bill 2131**. We would be happy to provide additional testimony and answer questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Andy Posner".

Andy Posner
Founder & CEO
Capital Good Fund
401-339-5437
andy@capitalgoodfund.org

⁴ *Military lending act - federal reserve*. Retrieved March 23, 2022, from <https://www.federalreserve.gov/boarddocs/supmanual/cch/mla.pdf>

⁵ Nottrott, R. (2022, March 2). *Governor signs bill slashing interest rates for small loans*. Santa Fe New Mexican. Retrieved March 23, 2022, from https://www.santafenewmexican.com/news/local_news/governor-signs-bill-slashing-interest-rates-for-small-loans/article_48972c08-9982-11ec-9448-5bd1f31ef1f5.html



Appendix A: About Capital Good Fund

We are a Providence-based nonprofit, U.S. Treasury-certified Community Development Financial Institution that provides small-dollar personal loans and financial coaching to low-income families throughout Rhode Island and ten other states. We designed our products to serve as an alternative to various ultra-high-interest products that target financially vulnerable and marginalized communities. Specifically, our loans range from \$300 - \$50,000 with rates starting at 0% and going no higher than 18% (APR, fixed); our borrower use our loans for a variety of reasons, including vehicle repair, rent, utilities, technology purchases, paying off high-interest debt, and energy-efficiency upgrades. We also offer one-on-one Financial and Health Coaching.