

Legislative Report

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1. Legislation. Loans thru a Confession of Judgment: A GOOD DEAL OR A SHAM?? These loans are usually used by borrowers to expedite the loan process and to avoid excessive paperwork. They are not legal in many states. They are usually used by retirees (some AARP members) and the unemployed who are starting a business for the first time. The lender requires the borrower to sign a Confession in order to obtain the loan. Besides being illegal in some states in other states judges have sometimes ruled that the borrower has given up all his legal rights and when problems take place the courts cannot be used to settle differences. Many of the borrowers do not obtain legal advice first as they are anxious to begin their work and they believe the lender has "courted" them so well any problems will be quickly resolved. A MAJOR MISTAKE!! These contracts are terrible as they give the lender total control over all the borrowers assets. And when violations of the contract take place (late payment, missed payment, an unforeseen emergency) the lender does not have to accept any condition to give temporary relief. What usually takes place is the lender quickly gets a judgment in the courts and immediately begins taking control of the borrower's assets. It has been reported that many times the borrower is not even aware that a judgment has been made against them. Sometimes the lender has classified the loan as a merchant class advance to avoid adverse actions. These judgments are very big business: Since 2012 such judgments have totaled 25,000 resulting in a loss to borrowers of \$1.5 billion dollars. These judgments are almost impossible to overturn! What is surprising there is little evidence that state and federal regulators are aggressively policing these loans which have been incorrectly called merchant class advances. And we have a couple of states who are very willing to let the abuses go on as it helps the budget. The message for us is NEVER, NEVER SIGN these contracts/advances without first getting legal advice.

2. Gerrymandering (Drawing voter districts). The U.S. Supreme Court now has our issue for the third time as a result of the Republican Leaders in our Assembly asked the court to overturn a lower court ruling which went against them (redrawing districts for the 2019 Virginia election) Previously the Governor and the House were requested to redraw our districts because they were illegal but they could not agree on a solution so the issue is back in the courts. Our assembly members feared that to redraw the districts so close to the elections would cause great confusion for our voters. The U.S. Supreme Court agreed to hear their appeal in Spring 2019. In addition to court activity one of our very active state organizations (OneVirginia2021) is trying to end this threat to our democracy by proposing an independent redistricting commission to draw these districts in the future. This will give our voters a real choice in electing our representatives. This action would require a constitutional amendment including a vote by all Virginia voters. It must be known by all that Virginia is ranked as one of the most gerrymandered states in the country both on the congressional and state levels.