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[MPC Comment] Alternative Financial Services loophole

1 message

Tom Corso <tom.corso6@gmail.com>

Mon, Apr 11, 2016 at 9:36 AM

Reply-To: tom.corso6@gmail.com

To: commission@knoxmpc.org

Good morning,

I read your memorandum on Alternative Financial Services for the Planning Commission meeting.

You will definitely want to add the definition of Flex Loans (T.C.A. 45-12) to the AFS zoning changes. Please see the attached article from Nashville below.

<http://www.tennessean.com/story/news/local/2016/03/18/flex-loans-added-financial-services-distance-law/81925688/>

Flex loans added to financial services distance law

The Metro Council passed legislation to include flex loans in a distance requirement for cash advance, check cashing and title loan stores, and clarified which businesses applied to the law.

"One thing we could use in the Metro Code is a more clear definition between the alternative financial service businesses and financial institutions," said Councilman Jeff Syracuse, who sponsored the addition.

The law's terminology was discussed when Tennessee Quick Cash was denied a permit for a site at 2535 Lebanon Pike.

The business said it did not apply to the law because it sold flex loans, or open-end credit plans, in which the customer can borrow money at any time up to the allotted dollar amount.

The law used hours of operation to differentiate what constitutes an alternative financial service or a financial institution, noting banks are open between 8 a.m. and 6 p.m. weekdays and sometimes 8 a.m. to 1 p.m. Saturdays.

That definition led to some concern from the Tennessee Bankers Association. However, Syracuse saw this as an opportunity for collaboration.

"We can talk about how the banking industry can better serve the under-banked, the unbanked and serve the communities better," he said.

"The positive that came out of that is the Tennessee Bankers Association said, 'We never

really have dealt with Metro Council before.' So this is an opportunity to forge a relationship."

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