AFSA
AMERICAN FINANCIAL SERVICES ASSOCIATION

April 16, 2025

Senate Committee on Commerce
Rhode Island General Assembly
82 Smith Street
Providence, RI 02903

Re: S 17 "Junk Fees" – Unfair and Deceptive Acts and Practices

Dear Chairwoman DiPalma and Members of the Committee,

On behalf of the American Financial Services Association (AFSA), thank you for the opportunity to provide comments on Senate Bill 17, which was recently heard and held for further study. AFSA is the national trade association for the consumer credit industry, representing companies that provide access to safe and transparent credit—including auto financing, installment loans, and retail credit—to millions of Americans, including consumers across Rhode Island. These companies operate under an extensive framework of federal and state regulation, particularly the Truth in Lending Act (TILA) and Real Estate Settlement Procedures Act (RESPA), which require clear, prominent disclosures of terms, fees, and costs.

While we appreciate the intent of S 17 to address misleading pricing practices and "junk fees," we are concerned that the bill's current language is overly broad and may inadvertently effect financial institutions that are already heavily regulated. Specifically, the bill does not contain any exemption or safe harbor for companies complying with existing federal laws such as TILA or RESPA, a carve-out we have seen in similar legislation in other states.

We strongly urge the Committee to consider an amendment modeled on what other states have adopted. In California, for example, similar legislation was clarified to say that compliance with TILA constitutes compliance with the state statute. We recommend the following language be added to S 17:

> **Proposed Amendment:**
> "Entities issuing disclosures in compliance with the federal Truth in Lending Act (15 U.S.C. § 1601 et seq.) or the Real Estate Settlement Procedures Act (12 U.S.C. § 2601 et seq.) shall be deemed in compliance with subsection (xxi)."

This amendment ensures that Rhode Island consumers continue to benefit from strong protections, without creating duplicative or conflicting disclosure obligations for regulated

lenders. It also recognizes the unique nature of consumer credit, where fees often cannot be disclosed until after underwriting is completed. Attempting to force "total price" advertising in credit — where many fees are conditional or variable — may result in less clarity, not more, and ultimately mislead consumers.

We also note that under federal law, states may impose additional requirements unless they directly conflict with federal statutes. However, this places the burden on lenders to assess overlapping requirements that can create legal uncertainty, particularly where S 17's language could be read to prohibit or require disclosure practices that differ from those under TILA. This is why express preemption language or a safe harbor is so important.

AFSA members are reviewing the implications of this legislation closely, and we encourage continued dialogue with stakeholders, including consumer credit providers, to ensure the bill meets its objectives without creating unintended consequences. Thank you for considering our comments and questions. If you have any questions or would like to discuss this further, please do not hesitate to contact me at erayhan@afsamail.org or (805) 501-8873 at your convenience.

Sincerely,

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