

**DECLARATION OF EMERGENCY REQUIRING AN EMERGENCY CONTRACT
FOR DEFERRED PRESENTMENT DATABASE SERVICES**

As Superintendent of the Alabama State Banking Department (the “Banking Department”), I hereby declare an emergency requiring that an emergency contract for the provision of deferred presentment database services be procured, effective on September 16, 2016, to avoid endangering the public health, safety, security, convenience and/or economic welfare of the State of Alabama, and to alleviate the emergency situation. This declaration is based upon my personal knowledge and knowledge acquired from my review of documents prepared, collected, and/or maintained by the Banking Department in the ordinary of course of its business. As grounds for this declaration, I hereby state as follows:

1. The Banking Department is the State agency charged with enforcing the provisions of the Alabama Deferred Presentment Services Act (the “DPSA”). The DPSA, among other things, prohibits a “payday lender” from lending to a customer who, with the loan, would have more than \$500 in outstanding payday loans. Ala. Code § 5-18A-13(a). Alabama Code § 5-18A-13(o) requires a payday lender to report the making and repayment of payday loans to a third-party private sector database, and to check the database before making a loan, “to ensure that the customer does not have outstanding [payday loans] that exceed five hundred dollars (\$500).” Because payday loans carry high interest rates (between 206% and 638% APR depending on the term of the loan) that can lead to a cycle of debt that borrowers cannot repay, the Banking Department’s enforcement of the \$500 statutory cap is essential to protect the citizens of this State.

2. Pursuant to the DPSA, the Banking Department promulgated a regulation that requires payday lenders to use a common third-party private sector database selected by the Banking Department. Ala. Admin. Code r. 155-2-4-.09. Under the regulation, payday lenders must use the common database to report the making of payday loans, to report the receipt of

payments from borrowers, and to check the outstanding balance of any payday loans owed by prospective borrowers before making a loan. Ala. Admin. Code r. 155-2-4-.09. Without such a database in place, the Banking Department would be unable to effectively enforce the \$500 statutory cap on payday loans, and the public health, safety, security, and/or convenience of the citizens of this State would be jeopardized and the economic welfare of the State and its citizens will be adversely affected.

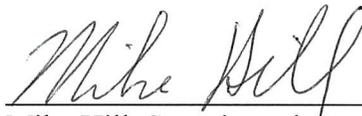
3. After it prevailed in a lawsuit filed by certain payday lenders seeking to invalidate the database regulation, the Banking Department began the process of procuring the services necessary to create, implement and monitor the common database. The Banking Department used the Request for Proposal process to select a deferred presentment database service provider, and, on or about November 24, 2014, entered into a Professional Services Agreement for the provision of database services (the “Deferred Presentment Database Services Agreement”). The deferred presentment services database went live on August 10, 2015. From the “go-live” date through August 14, 2016, the deferred presentment services database declined more than 400,000 payday lending transactions that would have violated the DPSA, including the \$500 statutory cap.

4. Over seven months after the Deferred Presentment Database Services Agreement was signed and implementation of the database began, two plaintiffs filed a lawsuit seeking to enjoin the Deferred Presentment Database Services Agreement. To avoid the time, expense, and uncertainty of what appeared would be protracted litigation, the Banking Department agreed, without admitting the allegations of the complaint or any wrongdoing whatsoever, to settle the lawsuit by agreeing to terminate the Deferred Presentment Database Services Agreement and to re-let a contract for services in connection with the creation, implementation, and monitoring of a common third-party private sector database to enforce the DPSA, including the \$500 cap.

Pursuant to the settlement terms, the Deferred Presentment Database Services Agreement will terminate effective on or about September 17, 2016.

5. While the Banking Department intends to procure and enter into a new deferred presentment database services agreement as soon as practicable, the procuring and implementation of a new deferred presentment services database will not be completed by September 17, 2016. In the interim, until the process of procuring and implementing a new deferred presentment services database is complete, an emergency contract for the provision of deferred presentment database services is necessary to avoid endangering the public health, safety, security, convenience and/or economic welfare of the State of Alabama and its citizens.

6. An emergency contract for the provision of deferred presentment database services is being procured and executed, effective September 16, 2016, to meet the emergency. Copies of this Declaration are being delivered to the Governor and the Attorney General of Alabama.

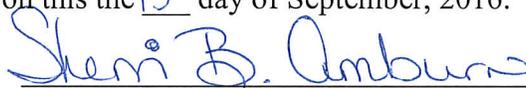


Mike Hill, Superintendent
Alabama State Banking Department

STATE OF ALABAMA)
COUNTY OF MONTGOMERY)

I, the undersigned, a Notary Public in and for said County and State, hereby certify that Mike Hill, Superintendent of the Alabama State Banking Department, whose name is signed to the foregoing instrument and who is known to me, acknowledged before me on this day, that, being informed of the contents of this instrument, he executed the same voluntarily on the day the same bears date and further, being duly sworn, certified and affirmed that the facts described therein are true and correct to the best of his knowledge.

Sworn to and subscribed before me on this the 15th day of September, 2016.



Notary Public

My Commission Expires: September 25, 2019