



Americans for Financial Reform
1629 K St NW, 10th Floor, Washington, DC, 20006
202.466.1885

March 25, 2015

The Honorable Richard Cordray, Director
Consumer Financial Protection Bureau
1700 G Street NW
Washington, DC 20552

RE: PROPOSED PAYDAY LOAN RULES

Dear Director Cordray:

We thank you for your leadership of the Consumer Financial Protection Bureau and the tremendous steps that the agency has taken toward securing consumers' rights in just a few short years.

We, the undersigned civil rights, consumer, labor, faith, veterans, seniors, and community organizations from all 50 states, write to strongly urge that you ensure the expected rulemaking concerning small dollar consumer lending effectively ends the debt trap scam. Payday, car-title, and high-cost installment loans, with annual rates of 300% or more simply dig borrowers into a hole. It's time to end the scam and put rules in place that will end abusive practices and slam shut the debt trap.

The CFPB's own research has well documented the debt trap created by payday lending, with the typical borrower indebted for more than 200 days a year and 75% of all payday loan fees generated by borrowers trapped by more than 10 loans a year. Beyond the research, all one needs to do is travel a street in a low-income community or community of color to witness the strikingly high concentration of payday and high-cost lenders. Additionally, these loans are particularly devastating to individuals with a fixed-income, such as seniors on retirement or Social Security Income.

Payday and high-cost lenders, who fail to ensure their loans are affordable and instead rely on aggressive collection tactics, rob borrowers of opportunities to secure a foothold in the mainstream financial services market. Rather, these lenders push safe options further out of reach by locking borrowers into a long-term debt trap and increasing the likelihood of a cascade of other harmful financial consequences such as bankruptcy, excessive overdraft fees, and involuntary bank closures. The resulting adverse impact on credit scores can make it even harder to ever find one's way back to mainstream financial services.

Payday lenders don't just destroy the financial futures of individuals but also of neighborhoods. As noted in the NAACP's recent Congressional testimony, "We need to rid our neighborhoods of predators and stop the proliferation of abusive predatory lending products that strip, rather than build, financial health and wealth in our communities."¹

The CFPB has before it this unique opportunity, and indeed obligation, to bring meaningful reform to the marketplace. We urge that any rule addressing high-cost payday, car title or installment loans, accomplish the following:

1. Require the lender to determine the borrower's ability to repay the loan, including consideration of income and expenses;
2. Not sanction any series of repeat loans or provide any safe harbor of poorly underwritten loans;
3. Establish an outer limit on length of indebtedness that is at least as short as the FDIC's 2005 guidelines – 90 days in a twelve-month period.
4. Restrict lenders from requiring a post-dated check or electronic access to a borrower's checking account as a condition of extending credit.

The above principles are the foundation for an effective rule to end the debt trap. The recent release of Department of Defense proposed rules to update the Military Lending Act serves as a powerful reminder that rules need to be comprehensive to block evasions. The changes we are urging put predatory lenders on the same footing as other lenders, requiring them to play by the rules and make fair loans.

We greatly appreciate your attention to this critical issue. We look forward to working with you and the Bureau on establishing clear rules for consumers to have access to fair and affordable credit.

Should you have any questions or if you would like additional information, please feel free to contact Gynnie Robnett at gynnie@ourfinancialsecurity.org or at 202-466-5671.

Sincerely,

National Signatories

Advantage Credit Counseling Service, Inc.
AFL-CIO

¹ TESTIMONY OF HILARY O. SHELTON Director, NAACP Washington Bureau & Senior Vice President for Policy and Advocacy Before the Senate Committee on Banking, Housing, and Urban Affairs On "Assessing and Enhancing Protections in Consumer Financial Services" Thursday, September 18, 2014, <http://business.cch.com/bfld/Shelton-09182014.pdf>

Alliance for Just Society
Alliance for Retired Americans
American Civil Liberties Union
Americans for Financial Reform
Association for Enterprise Opportunity
CDFI Coalition
Center for Economic Justice
Center for Effective Government
Center for Responsible Lending
Coalition on Human Needs
Community Development Bankers Association
Community Development Venture Capital Alliance
Consumer Action
Consumer Federation of America
Consumers Union
Democratic Media
Ecumenical Poverty Initiative
Faith in Public Life
Gray Panthers
Habitat for Humanity International
Help Hotline Crisis Center
Homeownership Preservation Foundation
Jubilee USA Network
The Leadership Conference on Civil and Human Rights
League of United Latin American Citizens (LULAC)
NAACP
National Advocacy Center of the Sisters of the Good Shepherd
National Association of Consumer Advocates
National Consumer Law Center (on behalf of its low-income clients)
National Council of La Raza
National Development Council
National People's Action
NETWORK, A National Catholic Social Justice Lobby
Other98.com
Partners for the Common Good
PICO National Network
Public Citizen
Residential Resources, Inc.
U.S. PIRG
United Church of Christ Justice and Witness Ministries
United Food & Commercial Workers International Union, CLC
United for a Fair Economy
USAction
Working Families Organization

State and Local Signatories

Alabama

Alabama Appleseed
Alabama Arise
First Presbyterian Church of Birmingham
Gowen Consulting
Habitat for Humanity of Morgan County, Alabama
YWCA Birmingham
YWCA Central Alabama

Alaska

Alaska PIRG

Arkansas

Arkansans Against Abusive Lending
Arkansas Advocates for Children And Families
Southern Bancorp

Arizona

A New Leaf, MesaCAN
Arizona Community Action Association
Arizona PIRG
Catholic Community Services
First Presbyterian Church of Globe
Gila Community Food Bank
Gila County Community Action Program
Gila House Transitional Housing
International Rescue Committee
Northern Arizona Council of Governments
SW Center for Economic Integrity
Unisource Energy Corporation
Utility Assistance RV Senior Center
Valley of the Sun United Way
Western Arizona Council of Governments

California

Asian Law Alliance

California Association of Food Banks
California League of United Latin American Citizens (LULAC)
California Partnership
California Reinvestment Coalition
CALPIRG
City Heights Community Development Corporation
Community Legal Services in East Palo Alto
Consumer Credit Counseling of San Francisco
Consumers for Auto Reliability and Safety
East Bay Community Law Center
East LA Community Corporation
Faith in Community
Habitat for Humanity Greater San Francisco
LA County Consumer Affairs
Labor Community Services
Law Foundation of Silicon Valley
Mission Assets Fund
Mission SF Community Financial Center
Montbello Housing Development Corporation
Mutual Housing California
New Economics for Women
Northbay Family Homes
Nuestra Casa de East Palo Alto
Opportunity Fund
Public Counsel
St. Joseph's Family Center
T. Cooke and Associates
The Fair Housing Council of San Diego
Treasurer, City and County of San Francisco
United Policyholders
United Way Silicon Valley
West Valley Community Services
Working Partnerships USA
Yolo Mutual Housing Association
Youth Leadership Institute

Colorado

Bell Policy Center
Colorado Latino Leadership Advocacy Research Organization
Colorado Progressive Coalition
CoPIRG
NAACP Colorado Montana Wyoming State Area Conference
The Gathering Place

Connecticut

Connecticut Association for Human Services
Connecticut Citizen Action Group
ConnPIRG

Delaware

Delaware Alliance for Community Advancement
Delaware Community Reinvestment Action Council, Inc.

Florida

100 Black Men of Jacksonville, Inc.
Avatar Company Inc.
Catalyst Miami
Diocese of Orlando
FL ADV Council on SMB DEV
Florida Alliance for Consumer Protection
Florida Center for Fiscal and Economic Policy
Florida PIRG
FreshMinistries
Globe/Miami Habitat for Humanity
Habitat for Humanity of East & Central Pasco County
Habitat for Humanity of Greater Orlando Area, Inc.
Habitat for Humanity of Jacksonville, Inc.
Habitat for Humanity of Marion County
Habitat for Humanity of Seminole County and Greater Apopka
Marion County Branch-NAACP
RAISE Florida Network
United Way of Northeast Florida

Georgia

Georgia PIRG
Georgia Rural Urban Summit
Georgia Watch
Gwinnett County Habitat for Humanity
Macon Area Habitat for Humanity

Hawaii

Habitat for Humanity West Hawaii

Idaho

Catholic Charities of Idaho
Idaho Community Action Network

Illinois

8th Day Center for Justice
Center for Economic Progress
Chicago Appleseed Fund for Justice
Chicago Coalition for the Homeless
Chicago Consumer Coalition
Chicago Rehab Network
Citizen Action/Illinois
Community Action Partnership
Debt Counsel for Seniors and the Disabled
Democratic Women South Suburbs
DuPage Habitat for Humanity
Gospel Justice Initiative
Greater Chicago Food Depository
Heartland Alliance
Housing Action Illinois
Housing Helpers, Inc.
Illinois Asset Building Group
Illinois Coalition for Immigrant and Refugee Rights
Illinois People's Action
Illinois PIRG
Latino Policy Forum
Maywood Neighborhood Improvement Association
Maywood PC/ZBA
Metropolitan Tenants Organization
Monsignor John Egan Campaign for Payday Loan Reform
National Community Investment Fund
North Side Community Federal Credit Union
Northwest Side Housing Center (NWSHC)
Oak Park Regional Housing Center
Open Communities
Partners In Community Building, Inc.
Project IRENE
South Suburban Housing Center
Southwest Organizing Project
St. Leonard's Ministries
The Chicago Urban League

The People's Lobby
The Resurrection Project
Westside Health Authority
Women's Business Development Center
Woodstock Institute
Greater Chicago Food Depository
IIRON
USW/SOAR Dist. 7
Woodstock Institute

Indiana

Indiana Assets and Opportunity Network
Dismas House of South Bend
Northwest Indiana Reinvestment Alliance

Iowa

Americans for Democratic Action Iowa
Child and Family Policy Center
CWA Iowa State Council
Iowa Alliance for Retired Americans
Iowa Catholic Conference
Iowa Citizens for Community Improvement
Iowa Community Action Association
Iowa PIRG
Iowa Valley Habitat for Humanity
League of United Latin American Citizens - Iowa
South Central Iowa Federation of Labor AFL-CIO

Kansas

Kansas Appleseed
Sunflower Community Action

Kentucky

Kentucky Coalition Against Domestic Violence
Kentucky Equal Justice Center
Kentucky Youth Advocates

Louisiana

Consumer Assistance Council, Inc.

Habitat for Humanity LA
Jesuit Social Research Institute
Lafayette Habitat for Humanity
Louisiana Budget Project
One Voice
Representative Ted James, Louisiana State Representative
United Way of Acadiana

Maine

Maine Center for Economic Policy
Maine People's Alliance
Maine Small Business Coalition
Maine Women's Lobby

Maryland

Habitat for Humanity Metro Maryland, Inc.
Kinetics Faith & Justice Network
Maryland CASH Campaign
Maryland Consumer Rights Coalition
Maryland PIRG
Progressive Maryland
Public Justice Center

Massachusetts

Massachusetts Consumers' Coalition
MASSPIRG

Michigan

CEDAM (Community Economic Development Association of MI)
Disability Advocates
Michigan United
New Development Corporation
PIRGIM

Minnesota

ISAIAH
Joint Religious Legislative Coalition
Legal Services Advocacy Project
Minnesotans for a Fair Economy

Minnesotans for Fair Lending

Mississippi

Coalition for a Prosperous Mississippi

Missouri

Communities Creating Opportunity
Consumers Council of Missouri
GRO - Grass Roots Organizing
Metro Organization for Racial and Economic Equity
Metropolitan Congregations United
Metropolitan St. Louis Equal Housing and Opportunity Council
Missouri Faith Voices
Missouri PIRG
Missouri ProVote
Progress Missouri
St. Louis City NAACP
Truman Heritage Habitat for Humanity

Montana

Indian People's Action
Rural Dynamics, Inc. (RDI)

Nebraska

Nebraska Appleseed

Nevada

DREAM Big Vegas
Nevada Advocates for Planned Parenthood Affiliates
Progressive Leadership Alliance of Nevada

New Hampshire

Granite State Organizing Project
New Hampshire Legal Assistance
NHPIRG
United Valley Interfaith Project

New Jersey

AFSCME, Administrative Council 1
Center for Independent Living of South Jersey Inc.
Housing and Community Development Network of New Jersey
Ironbound Community Corporation
La Casa de Don Pedro
National Housing Institute
New Jersey Citizen Action
New Jersey State Industrial Union Council
New Jersey Tenants Organization
NJ State Industrial Union Council
NJPIRG
Paterson Habitat for Humanity
Universal Improvement Association

New Mexico

New Mexico Fair Lending Coalition
Center for Economic Integrity - New Mexico Office
NMPIRG
Southwest Center for Economic Integrity
Tewa Women United

New York

Albany County Rural Housing Alliance, Inc.
Better Neighborhoods, Inc.
Bronx Legal Services
Brooklyn Cooperative FCU
Buffalo Urban League
Central NY Citizens in Action
Community Voices Heard (CVH)
Cypress Hills Local Development Corp.
District Council 37 Municipal Employees Legal Services
Fifth Avenue Committee & Neighbors Helping Neighbors
Habitat for Humanity New York City
Long Island Housing Services, Inc.
Margert Community Corporation
MFY Legal Services, Inc.
New Economy Project
NYPIRG
Syracuse Habitat for Humanity Inc.
VOCAL-NY

Western New York Law Center

North Carolina

Action NC
Asheville Area Habitat for Humanity
Brunswick County Habitat for Humanity
CCCS of Greater Greensboro, A division of Family Service of the Piedmont Inc.
Congregations for Social Justice
Credit Counseling Agencies of North Carolina Association
Episcopal Diocese of North Carolina
Financial Pathways of the Piedmont
Financial Protection Law Center
Foothills Credit Counseling, Inc.
Habitat for Humanity of Burke County
Habitat for Humanity of Charlotte
Habitat for Humanity of Wake County
Legal Services Southern Piedmont
A. Philip Randolph Institute
North Carolina Housing Coalition
North Carolina Latino Coalition
Durham CAN
NCPIRG
NC State AFL-CIO
North Carolina Assets Alliance
North Carolina Consumers Council, Inc.
North Carolina Council of Churches
North Carolina Justice Center
OnTrack Financial Education & Counseling
Pisgah Legal Services
Reinvestment Partners
The Clarke Connection
The Collaborative of NC
Triangle Family Services
UNC Consumer Financial Transactions Clinic
Women AdvaNCe
The Support Center
Community Empowerment Fund
Lincoln/Lancaster County Habitat for Humanity

North Dakota

North Dakota Economic Security and Prosperity Alliance (NDESPA)

Ohio

Charleta B. Tavares, Ohio State Senator
COHHIO
Communities United For Action
Contact Center Inc.
Defiance County Residential Housing, Inc.
Diocese of Southern Ohio
Habitat for Humanity - MidOhio
Habitat for Humanity of Coshocton County
Habitat for Humanity of Fayette County Ohio
Habitat for Humanity Of Findlay Hancock County
Habitat for Humanity of Greater Stark and Carroll Counties
Habitat for Humanity of Holmes County, Ohio
Habitat for Humanity of Logan Co.
Habitat for Humanity of Mahoning County
Habitat for Humanity of Southeast Ohio
Habitat for Humanity of Summit County
Hunger Network in Ohio
Legal Aid Society of Southwest Ohio LLC
Leighty and Snider, Inc.
Lutheran Social Services
Maumee Valley Habitat for Humanity
Neighborhood Housing Services of Greater Cleveland
New Home Development
NHSGC Consumer Law Center
Northwest Ohio Housing Coalition
Ohio Association of Food Banks
Ohio CDC Association
Ohio Coalition for Responsible Lending
Ohio Council of Churches
Ohio Organizing Collaborative
Ohio Partners for Affordable Energy
Ohio PIRG
Ohio Poverty Law Center
Orrville Area United Way
Policy Matters Ohio
Preble City Habitat for Humanity
ProgressOhio
Sandusky County Habitat for Humanity
The Center for Child & Family Advocacy, Inc.
The Ohio Council of Behavioral Health & Family Services Providers
The People's Empowerment Coalition of Ohio
Toledo Fair Housing Center

Oklahoma

Oklahoma Policy Institute

Oregon

Economic Fairness Oregon
Oregon Action
Oregon Consumer League
Oregon Food Bank
OSPIRG

Pennsylvania

ACTION Housing, Inc.
Berks Community Action Program
Bucks County Women's Advocacy Coalition
Clarifi
Community Legal Services of Philadelphia
Habitat for Humanity of Bucks County
Habitat for Humanity of Greater Pittsburgh
Habitat for Humanity PA
Health, Education, and Legal Assistance Project: A Medical-Legal Partnership
Housing Alliance of Pennsylvania
Just Harvest
Keystone Progress
Keystone Research Center
Lancaster Area Habitat for Humanity
League of Women Voters of PA
Lehigh Valley Black News Network
Libertae
Lutherans Advocacy Ministry Pennsylvania
Military Officers Association of America - Pittsburgh Chapter
PA Alliance for Retired Americans
PA Council of Chapters Military Officers Association of America
PathWays PA
PennPIRG
Pennsylvania Council of Churches
Pennsylvanians Organized to Witness Empower & Rebuild
Philadelphia Unemployment Project
Society of St. Vincent de Paul, Archdiocese of Philadelphia
Soroptimist International of Bucks County
The Peace Center
Unitarian Universalist Pennsylvania Legislative Advocacy Network

United Way of Erie County
Westmoreland Community Action

Rhode Island

NeighborWorks Blackstone River Valley
Rhode Island Interfaith Coalition to Reduce Poverty
Rhode Island State Council of Churches
RIPIRG
The Community Relations Council of the Jewish Alliance of Greater Rhode Island

South Carolina

Columbia Consumer Education Council
South Carolina Appleseed Legal Justice Center

South Dakota

Lakota Federal Credit Union
Lakota Funds

Tennessee

Christian Community Services, Inc
Cocke Co. Habitat for Humanity
Community Housing Partnership of Williamson County
Eastern 8 Community Development Corporation
Family Promise of Roane County
Franklin Housing Commission
Gibson County Habitat for Humanity
Habitat for Humanity of Anderson County
Habitat for Humanity of Catawba Valley
Habitat for Humanity of Cleveland TN
Habitat for Humanity of Greater Chattanooga Area
Habitat for Humanity of Greater Memphis
Habitat for Humanity of Greater Nashville
Habitat for Humanity of Paris/Henry County
Habitat for Humanity of Tennessee
Habitat for Humanity of Warren County
Habitat for Humanity of Wilson County
Habitat for Humanity, Sumner County
Habitat of Humanity of Williamson County
Highland Rim Habitat for Humanity
Loudon County Habitat for Humanity

Mi Techo, Inc.
New Level Community Development Corporation
Putnam County Habitat for Humanity
Roane County Habitat for Humanity
Rutherford County Area Habitat for Humanity
Tennessee Housing Development Agency

Texas

Anti-Poverty Coalition of Greater Dallas
Austin Community College American Federation of Teachers Local 6249
Austin Poverty Initiative
Austin Voices for Education and Youth
Calvary Baptist Church
Center for Public Policy Priorities
Christian Women's Job Corps
Citizens for Responsible Lending
CitySquare
Dismas Inc.
East Waco Community Center (EWCC)
Education Austin
Helping Hands Ministry of Belton
Liveable City
RAISE Texas
Strong Families Coalition of Greater Tarrant County
Texas Appleseed
Texas Catholic Conference
TexPIRG
United Way of Greater Houston
United Way of Metropolitan Dallas
Workers Defense Project

Utah

Utah Coalition of Religious Communities

Vermont

VPIRG

Virginia

Virginia Citizens Consumer Council
Virginia Interfaith Center

Virginia Organizing
Virginia Partnership to Encourage Responsible Lending
Virginia Poverty Law Center

Washington

Alliance for a Just Society
Consumer Justice Law Center, LLC
Kittitas County Habitat for Humanity
Lewiston-Clarkston Partners Habitat for Humanity
OneAmerica
Skagit Habitat for Humanity
Statewide Poverty Action Network
Tacoma/Pierce County Habitat for Humanity
Washington Community Action Network
WashPIRG

West Virginia

Huntington WV Area Habitat for Humanity, Inc.
Mountain State Justice in West Virginia
Southern Appalachian Labor School
WV Citizen Action Group

Wisconsin

Habitat for Humanity- La Crosse Area
Habitat for Humanity of Langlade County
Wisconsin Community Action Program Association
WISPIRG

Wyoming

Wyoming Coalition Against Domestic Violence and Sexual Assault

