

October 7, 2016

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

Re: Illinois consumer, faith, laobry and community group comments on proposed rulemaking on payday, vehicle title, and certain high-cost installment loans

Docket number CFPB-2016-0025 or RIN 3170-AA40

Dear Director Cordray,

The undersigned faith, labor, community, legal and business groups and individuals files this comment in response to the CFPB's proposed rule on payday, vehicle title, and certain high cost installment loans. Thank you for the opportunity to submit comments. The rule is a critical step in stopping the harms of unaffordable loans, but the rule must be strengthened to ensure it stops the debt trap once and for all.

Illinois has come a long way over past decade, but there is still much room for stronger protections to keep families out of the payday, payday installment and car title debt trap. For example, the car title debt trap is in particular causing a great deal of harm to Illinois families. Car title loans in Illinois carry annual interest rates averaging 189% and the average borrower in debt for a full 490 days.

The core principle of the CFPB's proposal is the right approach – requiring lenders to ensure that a loan is affordable without having to re-borrow or default on other expenses. This basic principle, though, must be applied to every loan – with no exceptions and no room for future evasion.

For example, it is critically important to strengthen the protections against repeat refinancing of longer-term and car title loans. If lenders can continue to repeatedly flip car title and installment borrowers from one long-term loan into another, debt will continue to pile up and borrowers will continue to be stuck in a debt trap.

Time and time again we work with families who skip meals, forgo buying needed medication and other necessities all to try and keep up with their predatory car title payments. And for far too many families the cycle ends when, after paying thousands in fees, the lender takes their car – their way to work, school and the grocery store.

Thank you for this opportunity to comment. For further clarification on these comments, please contact Don Carlson (Don@illinoispeoplesaction.org) or Lynda DeLaforge (Lynda@citizenaction-il.org).

Sincerely,

Access Living of Metropolitan Chicago
AFSCME Council 31
AIDS Foundation of Chicago
Chicago Federation of Labor
Citizen Action/Illinois
Coalition to Restore Democracy
Communications Workers of America District 4
Community Renewal Society
First Presbyterian Church
Friends of Bell Smith Springs
Grassroots Collaborative
Heartland Alliance for Human Needs & Human Rights
Illinois Alliance for Retired Americans
Illinois Asset Building Group
Illinois Coalition for Immigrant and Refugee Rights
Illinois Federation of Teachers
Illinois Main Street Alliance
Illinois People's Action
Illinois PIRG
Jane Addams Senior Caucus
Jewish Council on Urban Affairs
Metropolitan Tenants Organization
Monsignor John Egan Campaign for Payday Loan Reform
Move to Amend Kane
Mt. Zion Baptist Church
National Association of Social Workers, Illinois Chapter
NWSC Move to Amend
ONE Northside
Project IRENE
Sargent Shriver National Center on Poverty Law
SEIU Healthcare Illinois Indiana
SEIU Illinois
St. John AME Church, Springfield
The People's Lobby
United Auto Workers Region 4
United Food and Commercial Workers Local 881
Woodstock Institute