

Gateway Community Development Corporation
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October 3, 2016

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

Re: *Gateway Community Development Corporation's comments on proposed rules on Payday, Vehicle Title, and certain High-Cost Installment Loans. Docket number CFPB-2016-0025 or RIN 3170-AA40*

Dear Director Cordray:

Gateway Community Development Corporation files this comment about the Consumer Financial Protection Bureau's proposed rule on ***Payday, Vehicle Title, and certain High-Cost Installment Loans***, your Docket number CFPB-2016-0025 or RIN 3170-AA40.

The Gateway Community Development Corporation was established over 25 years ago to help address the economic and social challenges facing many of the citizens in rural Vance County, NC and surrounding area, particularly the African-American community. Vance County was created in 1881 by Zebulon B. Vance as a gerrymandered county to assure that the Black population of freed slaves in Granville County would never have political influence and change the political power of Granville County. After many tries, once elected as Governor of the state Zebulon Vance was successful in carving out this new county comprised of a significant number of African-Americans. It is also the only place in the south to experience a violent labor strike (late 1950's) in response to efforts to organize the workers of the privately owned cotton mills. While this county experienced much economic success during its first 100 years, the county is now quite economically distressed.

Today, over 27% of the county's total residents live each day in poverty. The per capita income over the period of 2010-2014 (in 2014 dollars) was \$18,815. Yet in this county of approximately 45,000 people, pay day lenders once flourished. This put the working poor and marginally poor families of our county in extreme crisis. It was only with the major changes in payday lending laws in North Carolina that these predatory practices ceased. Far too often the rationale from these unscrupulous lenders was that they were providing some avenue of unavailable resource and opportunity to people in need. And, yet they simply significantly deepened the financial hardships and circumstances for which they did not care.

The Gateway Community Development Corporation (Gateway CDC) has provided significant support and assistance to residents of the county. We have constructed over 40 units of

affordable housing in two different subdivisions, and are the only new construction developments inside the city limits of Henderson, NC in more than thirty five years. We helped towards rebuilding the downtown by purchasing and rehabilitating an old department store building that now serves as an incubator to non-profits and small businesses. We know that our community has realized upwards of \$500,000 in property taxes as a result of our efforts. It is the place and space for local civil rights organizations and community meetings, as well as for small community functions by others in the county. We are also the place and space for youth initiatives and programs, as well as the airing of local community challenges.

While payday loans hurt our citizens, we now find that because we are a boarder county to Virginia, many residents drive across the line to secure car title loans. Car title loans are worse, whether they are short-term (two-weeks) or long-term (1-2 years). They charge 300% or 400% annual interest, and the long-term loans build in the flips.

We know your final rule will not override North Carolina's exemplary laws. We know you cannot set a strong interest rate cap, which we have known since biblical times is the best practice to stop what every religion holds is the sin of usury. From our moral high ground on this issue in North Carolina, we know that if you settle for a weak national rule, it will be thrown in our face by the Lender-Lobby, slushing their contributions into our People's House to allow them to slouch back into North Carolina.

So when you put the final draft of the rule together, please include language that gives states with higher standards some kind of grandfather clause. Please exclude states which have stronger and more effective laws in place. States in the south, particularly, should be encouraged to be laboratories to prove there are better ways to relieve payday blues. We ask your rule to provide legal and moral support to our work in North Carolina; to support our model interest rate cap and the other lending protections we fought for and won. Help us strengthen our ability to enforce our state law against lenders making illegal loans here. Help us enforce the principle of ability-to-repay. Loans must be are affordable. Borrowers must not be allowed to get caught in a cycle of debt. Basic needs of borrowers' families come first before loan payoff bills.

On behalf of the Gateway Community Development Corporation and our many clients and partners, we ask that you strengthen the rules as much as possible. Those who are the working poor, veterans, living on the margins, do not need false guardians to save us financially. We need responsible laws and regulations that keep us all safe from those who find profit in poverty and the financial stresses of the middle-income community.

Please contact me at andrea652@earthlink.net or at the Gateway CDC. I welcome the opportunity to comment further on these proposed regulations.

Respectfully,

Andrea L. Harris

Andrea L. Harris, Chair
Board of Directors

