

**Comments Authored By:
Progressive Congress Action Fund**

**Comments to the Consumer Financial Protection Bureau
Proposed Rule on Payday, Vehicle Title, and Certain High-Cost Installment Loans
12 CFR Part 104, Docket No. CFPB-2016-0025, RIN 3170-AA40
October 7, 2016**

To the Consumer Financial Protection Bureau:

In regards to the Proposed Rule Payday on Payday, Vehicle Title, and Certain High-Cost Installment Loans, we wish to comment on the hugely negative impact of payday loans and the irresponsible lending practices that inevitably accompany them. Simply put, loans are a scam. Loan sharks target low-income people and people of color, focusing strategically on people who do not have the proper credit history and are at high risk of default. These people are then charged exorbitantly high interest rates, trapping them under crushing debt and perpetuating the cycle of poverty.

We urge the CFPB to ensure a “reasonable determination” of a borrower’s ability to repay any high-cost loan and to set a reasonable cap on the interest that may be charged on any such loan. We urge the CFPB, furthermore, to adopt a stipulation in the proposed rule that would prevent and punish the general practice of irresponsibly targeting high-risk populations for certain types of high-cost loans. The economic impact on people and their families far outweighs any fiscal gain on the part of companies, and the federal government must ensure that vulnerable consumers are not taken advantage of and conned into agreeing to confusing and misleading loan terms that they do not and cannot be expected to understand.

Americans have had enough. We saw what high-risk mortgage loans and irresponsible lending practices did to our country. We saw how ordinary folks, particularly low-income folks, took the brunt of the damage during the Great Recession. We do not need more folks going belly-under because payday loan sharks want to put profits over people’s well-being. Americans are tired of being scammed, and we are sick of a business model that relies on whole-sale scamming of others.

As an organization, Progressive Congress Action Fund works closely with grassroots campaigns that tackle payday lending schemes, and we have also heard firsthand from our own supporters the impact that payday loans have had on their lives. Whole families can get swept under the crippling effects of high-interest payday lending. Whole families can have their credit impacted for decades to come. Meanwhile, payday loan scams are a highly profitable racket: recently, a federal judge in Nevada ruled that Leawood payday loan mogul Scott Tucker and others must pay the Federal Trade Commission \$1.266 billion for running a payday loan enterprise that systematically deceived its consumers.¹ As part of this scheme, people who took out \$300 in

¹ <http://www.kansascity.com/news/local/crime/article105423131.html#storylink=cpy>

loans would end up, through a misleading system of loan disclosures and automatic repayment schedules, owing \$975.

Enough is enough. Americans deserve better than this get-rich-quick-off-of-the-backs-of-others scheme. We applaud the Consumer Financial Protection Bureau and other federal agencies who have pursued and prosecuted payday lenders. We strongly urge you to ensure that these harmful practices are outlawed, and that means strengthening and enforcing tough laws that protect consumers from payday lenders. It's time to Stop the Debt Trap, because every week should not be Shark Week, not in this country.

Sincerely,

Progressive Congress Action Fund