

Comments from the Silicon Valley Community Foundation to the

Consumer Financial Protection Bureau  
Docket No. CFPB-2016-0025

Dear Director Cordray,

Silicon Valley Community Foundation (SVCF) applauds the Consumer Financial Protection Bureau (CFPB) for the development of rules to protect consumers, while ensuring access to affordable credit options. On behalf of SVCF, I respectfully submit our support for strong consumer protections requiring payday lenders to underwrite their loans by verifying a borrower's ability to repay and by closing loopholes to ensure access to responsible small-dollar loans.

Last year, SVCF invested \$760 million in grants to local, state, and national charities making it the largest community foundation in the world. Responsible lending is one of our primary grantmaking priorities. For eight years, we have been engaged on the issue, including issuing a report in 2009 about the abuses committed by the payday loan industry; convening advocates focused on the issue; and, working to curb the impact of predatory lenders and support alternative loan products through local ordinances and state legislation.

As you know, payday lenders target low-income people and people of color at a disproportionate rate, and are eight times as likely to be located in neighborhoods with high concentrations of low-income residents and those with large immigrant populations, some of the groups least able to absorb the high cost of a payday loan and most at-risk to falling into vicious cycles of debt.

We urge you to establish the strongest possible protections to end predatory lending debt traps and abusive terms, including requiring underwriting based on a borrower's ability to repay based on income, debts and expenses. We also urge the CFPB to close loopholes that allow borrowers to take out multiple loans in succession, including the six loan exemption and provisions to reduce the cooling-off period between successive payday loans.

Strong rules at the federal level set a benchmark upon which states can build upon to protect our communities even further. As such, we ask for your continued leadership to ensure the strongest possible rules are adopted.

**Emmett D. Carson, Ph.D.**  
Chief Executive Officer  
Silicon Valley Community Foundation