

# FLORIDA FAIR LENDING COALITION

## #STOPTHEDEBTTRAPFLORIDA

October 6, 2016

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

RE: Proposed payday loan rule  
Docket No: CFPB-2016-0025 or RIN 3170-AA40

Dear Director Cordray:

We, the undersigned, appreciate the opportunity to provide you our comments on the proposed rules addressing payday, car title and high-cost installment loans. We represent legal services, consumer, faith, seniors, civil rights and community organizations in Florida. We support a strong payday loan rule – one that closes loopholes predatory lenders will attempt to use to their benefit and, therefore, will not benefit consumers.

Florida's payday loan law has been touted as a model that the Bureau should use in crafting its regulations. As Florida organizations that work with hundreds of consumers caught in debt traps from payday loans and other high cost loans, we know first hand that Florida's law is no model for any other state to follow. Florida payday loans average over 280% annual interest rates, 83% of payday loans are to borrowers stuck in 7 or more loans per year, a 24-hour cooling off period between loans has not proven successful in keeping consumers from falling into long-term debt from payday loans, and the credit counseling for borrowers unable to repay their loans has not worked as envisioned.

The cornerstone of the proposed rule – the ability to repay determination – we wholeheartedly support. Borrowers rely on lenders determining that their budget will allow for repayment of any loan. Payday loans should be no different from other small dollar loans consumers seek from community banks and credit unions, a growing market in Florida for small dollar loans. However, we do advocate that the CFPB insure that **all** loans carry the ability to repay requirement with no exceptions. Why would any loan be excluded from this requirement?

Another encouraging feature of the rule is the 30-day period between loans. Having seen that a 24-hour cooling off period does nothing to stop long term debt, we know that requiring a longer term between loans is crucial. However, under the proposed rule a borrower could take out 10 or more two-week loans in a year. This would allow for what we see in Florida to continue – over half of all payday loans in Florida are to Floridians trapped in 12 or more loans a year, a clear indication they are trapped in a cycle of debt. This must be addressed.

Payday lenders reach into a borrowers' bank account to collect payment, and then represent that the loan was affordable for the borrower. We know, however, that consumers immediately turn around and take out another loan to make ends meet. As one legal services attorney explains, "[My client's] borrowing money from payday loan places to get through the week – she's not living paycheck to paycheck because there isn't a paycheck left by the time she gets one."

We thank the CFPB for its work in protecting consumers. We look forward to working with the Bureau to create a final rule that protects all consumers from predatory loans. Please contact Alice Vickers, Florida Alliance for Consumer Protection, [alicevickers@flacp.org](mailto:alicevickers@flacp.org), 850 556-3121, for any questions or follow-up.

Sincerely,

**Beaches Habitat for Humanity**  
**Brevard Legal Aid**  
**Capital Good Fund**  
**Catalyst Miami**  
**Central Florida Jobs with Justice**  
**Centro de Ayuda Hispana**  
**Florida AFL-CIO**  
**Florida African American Ministers in Action**  
**Florida Alliance for Consumer Protection**  
**Florida Alliance for Retired Americans**  
**Florida Consumer Action Network**  
**Florida Council of Churches**  
**Florida Institute for Reform & Empowerment (FIRE)**  
**Florida Legal Services**  
**Florida Prosperity Partnership**  
**Habitat for Humanity of Seminole County & Greater Apopka**  
**Jacksonville Area Legal Aid**  
**Latino Leadership**  
**Legal Aid of Broward County**  
**Legal Aid of Miami-Dade**  
**Legal Aid of Orange County**  
**Legal Aid Society of Palm Beach County**  
**Manatee County Habitat for Humanity**  
**National Council of La Raza**  
**North Florida Center for Equal Justice**  
**Organize Now**  
**Progress Florida**  
**RAISE Florida Network**  
**Rural Neighborhoods**  
**SEIU Florida**  
**Solita's House**  
**War on Poverty**