



**Americans for Financial Reform**  
1629 K St NW, 10th Floor, Washington, DC, 20006  
202.466.1885

March 25, 2015

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

**RE: PROPOSED PAYDAY LOAN RULES**

Dear Director Cordray:

We thank you for your leadership of the Consumer Financial Protection Bureau and the tremendous steps that the agency has taken toward securing consumers' rights in just a few short years.

We, the undersigned civil rights, consumer, labor, faith, veterans, seniors, and community organizations from all 50 states, write to strongly urge that you ensure the expected rulemaking concerning small dollar consumer lending effectively ends the debt trap scam. Payday, car-title, and high-cost installment loans, with annual rates of 300% or more simply dig borrowers into a hole. It's time to end the scam and put rules in place that will end abusive practices and slam shut the debt trap.

The CFPB's own research has well documented the debt trap created by payday lending, with the typical borrower indebted for more than 200 days a year and 75% of all payday loan fees generated by borrowers trapped by more than 10 loans a year. Beyond the research, all one needs to do is travel a street in a low-income community or community of color to witness the strikingly high concentration of payday and high-cost lenders. Additionally, these loans are particularly devastating to individuals with a fixed-income, such as seniors on retirement or Social Security Income.

Payday and high-cost lenders, who fail to ensure their loans are affordable and instead rely on aggressive collection tactics, rob borrowers of opportunities to secure a foothold in the mainstream financial services market. Rather, these lenders push safe options further out of reach by locking borrowers into a long-term debt trap and increasing the likelihood of a cascade of other harmful financial consequences such as bankruptcy, excessive overdraft fees, and involuntary bank closures. The resulting adverse impact on credit scores can make it even harder to ever find one's way back to mainstream financial services.

Payday lenders don't just destroy the financial futures of individuals but also of neighborhoods. As noted in the NAACP's recent Congressional testimony, "We need to rid our neighborhoods of predators and stop the proliferation of abusive predatory lending products that strip, rather than build, financial health and wealth in our communities."<sup>1</sup>

The CFPB has before it this unique opportunity, and indeed obligation, to bring meaningful reform to the marketplace. We urge that any rule addressing high-cost payday, car title or installment loans, accomplish the following:

1. Require the lender to determine the borrower's ability to repay the loan, including consideration of income and expenses;
2. Not sanction any series of repeat loans or provide any safe harbor of poorly underwritten loans;
3. Establish an outer limit on length of indebtedness that is at least as short as the FDIC's 2005 guidelines – 90 days in a twelve-month period.
4. Restrict lenders from requiring a post-dated check or electronic access to a borrower's checking account as a condition of extending credit.

The above principles are the foundation for an effective rule to end the debt trap. The recent release of Department of Defense proposed rules to update the Military Lending Act serves as a powerful reminder that rules need to be comprehensive to block evasions. The changes we are urging put predatory lenders on the same footing as other lenders, requiring them to play by the rules and make fair loans.

We greatly appreciate your attention to this critical issue. We look forward to working with you and the Bureau on establishing clear rules for consumers to have access to fair and affordable credit.

Should you have any questions or if you would like additional information, please feel free to contact Gynnie Robnett at [gynnie@ourfinancialsecurity.org](mailto:gynnie@ourfinancialsecurity.org) or at 202-466-5671.

Sincerely,

### **National Signatories**

Advantage Credit Counseling Service, Inc.  
AFL-CIO

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<sup>1</sup> TESTIMONY OF HILARY O. SHELTON Director, NAACP Washington Bureau & Senior Vice President for Policy and Advocacy Before the Senate Committee on Banking, Housing, and Urban Affairs On "Assessing and Enhancing Protections in Consumer Financial Services" Thursday, September 18, 2014, <http://business.cch.com/bfld/Shelton-09182014.pdf>

Alliance for Just Society  
Alliance for Retired Americans  
American Civil Liberties Union  
Americans for Financial Reform  
Association for Enterprise Opportunity  
CDFI Coalition  
Center for Economic Justice  
Center for Effective Government  
Center for Responsible Lending  
Coalition on Human Needs  
Community Development Bankers Association  
Community Development Venture Capital Alliance  
Consumer Action  
Consumer Federation of America  
Consumers Union  
Democratic Media  
Ecumenical Poverty Initiative  
Faith in Public Life  
Gray Panthers  
Habitat for Humanity International  
Help Hotline Crisis Center  
Homeownership Preservation Foundation  
Jubilee USA Network  
The Leadership Conference on Civil and Human Rights  
League of United Latin American Citizens (LULAC)  
NAACP  
National Advocacy Center of the Sisters of the Good Shepherd  
National Association of Consumer Advocates  
National Consumer Law Center (on behalf of its low-income clients)  
National Council of La Raza  
National Development Council  
National People's Action  
NETWORK, A National Catholic Social Justice Lobby  
Other98.com  
Partners for the Common Good  
PICO National Network  
Public Citizen  
Residential Resources, Inc.  
U.S. PIRG  
United Church of Christ Justice and Witness Ministries  
United Food & Commercial Workers International Union, CLC  
United for a Fair Economy  
USAction  
Working Families Organization

## **State and Local Signatories**

### ***Alabama***

Alabama Appleseed  
Alabama Arise  
First Presbyterian Church of Birmingham  
Gowen Consulting  
Habitat for Humanity of Morgan County, Alabama  
YWCA Birmingham  
YWCA Central Alabama

### ***Alaska***

Alaska PIRG

### ***Arkansas***

Arkansans Against Abusive Lending  
Arkansas Advocates for Children And Families  
Southern Bancorp

### ***Arizona***

A New Leaf, MesaCAN  
Arizona Community Action Association  
Arizona PIRG  
Catholic Community Services  
First Presbyterian Church of Globe  
Gila Community Food Bank  
Gila County Community Action Program  
Gila House Transitional Housing  
International Rescue Committee  
Northern Arizona Council of Governments  
SW Center for Economic Integrity  
Unisource Energy Corporation  
Utility Assistance RV Senior Center  
Valley of the Sun United Way  
Western Arizona Council of Governments

### ***California***

Asian Law Alliance

California Association of Food Banks  
California League of United Latin American Citizens (LULAC)  
California Partnership  
California Reinvestment Coalition  
CALPIRG  
City Heights Community Development Corporation  
Community Legal Services in East Palo Alto  
Consumer Credit Counseling of San Francisco  
Consumers for Auto Reliability and Safety  
East Bay Community Law Center  
East LA Community Corporation  
Faith in Community  
Habitat for Humanity Greater San Francisco  
LA County Consumer Affairs  
Labor Community Services  
Law Foundation of Silicon Valley  
Mission Assets Fund  
Mission SF Community Financial Center  
Montbello Housing Development Corporation  
Mutual Housing California  
New Economics for Women  
Northbay Family Homes  
Nuestra Casa de East Palo Alto  
Opportunity Fund  
Public Counsel  
St. Joseph's Family Center  
T. Cooke and Associates  
The Fair Housing Council of San Diego  
Treasurer, City and County of San Francisco  
United Policyholders  
United Way Silicon Valley  
West Valley Community Services  
Working Partnerships USA  
Yolo Mutual Housing Association  
Youth Leadership Institute

### ***Colorado***

Bell Policy Center  
Colorado Latino Leadership Advocacy Research Organization  
Colorado Progressive Coalition  
CoPIRG  
NAACP Colorado Montana Wyoming State Area Conference  
The Gathering Place

## ***Connecticut***

Connecticut Association for Human Services  
Connecticut Citizen Action Group  
ConnPIRG

## ***Delaware***

Delaware Alliance for Community Advancement  
Delaware Community Reinvestment Action Council, Inc.

## ***Florida***

100 Black Men of Jacksonville, Inc.  
Avatar Company Inc.  
Catalyst Miami  
Diocese of Orlando  
FL ADV Council on SMB DEV  
Florida Alliance for Consumer Protection  
Florida Center for Fiscal and Economic Policy  
Florida PIRG  
FreshMinistries  
Globe/Miami Habitat for Humanity  
Habitat for Humanity of East & Central Pasco County  
Habitat for Humanity of Greater Orlando Area, Inc.  
Habitat for Humanity of Jacksonville, Inc.  
Habitat for Humanity of Marion County  
Habitat for Humanity of Seminole County and Greater Apopka  
Marion County Branch-NAACP  
RAISE Florida Network  
United Way of Northeast Florida

## ***Georgia***

Georgia PIRG  
Georgia Rural Urban Summit  
Georgia Watch  
Gwinnett County Habitat for Humanity  
Macon Area Habitat for Humanity

## ***Hawaii***

Habitat for Humanity West Hawaii

## ***Idaho***

Catholic Charities of Idaho  
Idaho Community Action Network

## ***Illinois***

8th Day Center for Justice  
Center for Economic Progress  
Chicago Appleseed Fund for Justice  
Chicago Coalition for the Homeless  
Chicago Consumer Coalition  
Chicago Rehab Network  
Citizen Action/Illinois  
Community Action Partnership  
Debt Counsel for Seniors and the Disabled  
Democratic Women South Suburbs  
DuPage Habitat for Humanity  
Gospel Justice Initiative  
Greater Chicago Food Depository  
Heartland Alliance  
Housing Action Illinois  
Housing Helpers, Inc.  
Illinois Asset Building Group  
Illinois Coalition for Immigrant and Refugee Rights  
Illinois People's Action  
Illinois PIRG  
Latino Policy Forum  
Maywood Neighborhood Improvement Association  
Maywood PC/ZBA  
Metropolitan Tenants Organization  
Monsignor John Egan Campaign for Payday Loan Reform  
National Community Investment Fund  
North Side Community Federal Credit Union  
Northwest Side Housing Center (NWSHC)  
Oak Park Regional Housing Center  
Open Communities  
Partners In Community Building, Inc.  
Project IRENE  
South Suburban Housing Center  
Southwest Organizing Project  
St. Leonard's Ministries  
The Chicago Urban League

The People's Lobby  
The Resurrection Project  
Westside Health Authority  
Women's Business Development Center  
Woodstock Institute  
Greater Chicago Food Depository  
IIRON  
USW/SOAR Dist. 7  
Woodstock Institute

### ***Indiana***

Indiana Assets and Opportunity Network  
Dismas House of South Bend  
Northwest Indiana Reinvestment Alliance

### ***Iowa***

Americans for Democratic Action Iowa  
Child and Family Policy Center  
CWA Iowa State Council  
Iowa Alliance for Retired Americans  
Iowa Catholic Conference  
Iowa Citizens for Community Improvement  
Iowa Community Action Association  
Iowa PIRG  
Iowa Valley Habitat for Humanity  
League of United Latin American Citizens - Iowa  
South Central Iowa Federation of Labor AFL-CIO

### ***Kansas***

Kansas Appleseed  
Sunflower Community Action

### ***Kentucky***

Kentucky Coalition Against Domestic Violence  
Kentucky Equal Justice Center  
Kentucky Youth Advocates

### ***Louisiana***

Consumer Assistance Council, Inc.

Habitat for Humanity LA  
Jesuit Social Research Institute  
Lafayette Habitat for Humanity  
Louisiana Budget Project  
One Voice  
Representative Ted James, Louisiana State Representative  
United Way of Acadiana

### ***Maine***

Maine Center for Economic Policy  
Maine People's Alliance  
Maine Small Business Coalition  
Maine Women's Lobby

### ***Maryland***

Habitat for Humanity Metro Maryland, Inc.  
Kinetics Faith & Justice Network  
Maryland CASH Campaign  
Maryland Consumer Rights Coalition  
Maryland PIRG  
Progressive Maryland  
Public Justice Center

### ***Massachusetts***

Massachusetts Consumers' Coalition  
MASSPIRG

### ***Michigan***

CEDAM (Community Economic Development Association of MI)  
Disability Advocates  
Michigan United  
New Development Corporation  
PIRGIM

### ***Minnesota***

ISAIAH  
Joint Religious Legislative Coalition  
Legal Services Advocacy Project  
Minnesotans for a Fair Economy

Minnesotans for Fair Lending

***Mississippi***

Coalition for a Prosperous Mississippi

***Missouri***

Communities Creating Opportunity  
Consumers Council of Missouri  
GRO - Grass Roots Organizing  
Metro Organization for Racial and Economic Equity  
Metropolitan Congregations United  
Metropolitan St. Louis Equal Housing and Opportunity Council  
Missouri Faith Voices  
Missouri PIRG  
Missouri ProVote  
Progress Missouri  
St. Louis City NAACP  
Truman Heritage Habitat for Humanity

***Montana***

Indian People's Action  
Rural Dynamics, Inc. (RDI)

***Nebraska***

Nebraska Appleseed

***Nevada***

DREAM Big Vegas  
Nevada Advocates for Planned Parenthood Affiliates  
Progressive Leadership Alliance of Nevada

***New Hampshire***

Granite State Organizing Project  
New Hampshire Legal Assistance  
NHPIRG  
United Valley Interfaith Project

## ***New Jersey***

AFSCME, Administrative Council 1  
Center for Independent Living of South Jersey Inc.  
Housing and Community Development Network of New Jersey  
Ironbound Community Corporation  
La Casa de Don Pedro  
National Housing Institute  
New Jersey Citizen Action  
New Jersey State Industrial Union Council  
New Jersey Tenants Organization  
NJ State Industrial Union Council  
NJPIRG  
Paterson Habitat for Humanity  
Universal Improvement Association

## ***New Mexico***

New Mexico Fair Lending Coalition  
Center for Economic Integrity - New Mexico Office  
NMPIRG  
Southwest Center for Economic Integrity  
Tewa Women United

## ***New York***

Albany County Rural Housing Alliance, Inc.  
Better Neighborhoods, Inc.  
Bronx Legal Services  
Brooklyn Cooperative FCU  
Buffalo Urban League  
Central NY Citizens in Action  
Community Voices Heard (CVH)  
Cypress Hills Local Development Corp.  
District Council 37 Municipal Employees Legal Services  
Fifth Avenue Committee & Neighbors Helping Neighbors  
Habitat for Humanity New York City  
Long Island Housing Services, Inc.  
Margert Community Corporation  
MFY Legal Services, Inc.  
New Economy Project  
NYPIRG  
Syracuse Habitat for Humanity Inc.  
VOCAL-NY

Western New York Law Center

***North Carolina***

Action NC  
Asheville Area Habitat for Humanity  
Brunswick County Habitat for Humanity  
CCCS of Greater Greensboro, A division of Family Service of the Piedmont Inc.  
Congregations for Social Justice  
Credit Counseling Agencies of North Carolina Association  
Episcopal Diocese of North Carolina  
Financial Pathways of the Piedmont  
Financial Protection Law Center  
Foothills Credit Counseling, Inc.  
Habitat for Humanity of Burke County  
Habitat for Humanity of Charlotte  
Habitat for Humanity of Wake County  
Legal Services Southern Piedmont  
A. Philip Randolph Institute  
North Carolina Housing Coalition  
North Carolina Latino Coalition  
Durham CAN  
NCPIRG  
NC State AFL-CIO  
North Carolina Assets Alliance  
North Carolina Consumers Council, Inc.  
North Carolina Council of Churches  
North Carolina Justice Center  
OnTrack Financial Education & Counseling  
Pisgah Legal Services  
Reinvestment Partners  
The Clarke Connection  
The Collaborative of NC  
Triangle Family Services  
UNC Consumer Financial Transactions Clinic  
Women AdvaNCe  
The Support Center  
Community Empowerment Fund  
Lincoln/Lancaster County Habitat for Humanity

***North Dakota***

North Dakota Economic Security and Prosperity Alliance (NDESPA)

## **Ohio**

Charleta B. Tavares, Ohio State Senator  
COHHIO  
Communities United For Action  
Contact Center Inc.  
Defiance County Residential Housing, Inc.  
Diocese of Southern Ohio  
Habitat for Humanity - MidOhio  
Habitat for Humanity of Coshocton County  
Habitat for Humanity of Fayette County Ohio  
Habitat for Humanity Of Findlay Hancock County  
Habitat for Humanity of Greater Stark and Carroll Counties  
Habitat for Humanity of Holmes County, Ohio  
Habitat for Humanity of Logan Co.  
Habitat for Humanity of Mahoning County  
Habitat for Humanity of Southeast Ohio  
Habitat for Humanity of Summit County  
Hunger Network in Ohio  
Legal Aid Society of Southwest Ohio LLC  
Leighty and Snider, Inc.  
Lutheran Social Services  
Maumee Valley Habitat for Humanity  
Neighborhood Housing Services of Greater Cleveland  
New Home Development  
NHSGC Consumer Law Center  
Northwest Ohio Housing Coalition  
Ohio Association of Food Banks  
Ohio CDC Association  
Ohio Coalition for Responsible Lending  
Ohio Council of Churches  
Ohio Organizing Collaborative  
Ohio Partners for Affordable Energy  
Ohio PIRG  
Ohio Poverty Law Center  
Orrville Area United Way  
Policy Matters Ohio  
Preble City Habitat for Humanity  
ProgressOhio  
Sandusky County Habitat for Humanity  
The Center for Child & Family Advocacy, Inc.  
The Ohio Council of Behavioral Health & Family Services Providers  
The People's Empowerment Coalition of Ohio  
Toledo Fair Housing Center

## ***Oklahoma***

Oklahoma Policy Institute

## ***Oregon***

Economic Fairness Oregon

Oregon Action

Oregon Consumer League

Oregon Food Bank

OSPIRG

## ***Pennsylvania***

ACTION Housing, Inc.

Berks Community Action Program

Bucks County Women's Advocacy Coalition

Clarifi

Community Legal Services of Philadelphia

Habitat for Humanity of Bucks County

Habitat for Humanity of Greater Pittsburgh

Habitat for Humanity PA

Health, Education, and Legal Assistance Project: A Medical-Legal Partnership

Housing Alliance of Pennsylvania

Just Harvest

Keystone Progress

Keystone Research Center

Lancaster Area Habitat for Humanity

League of Women Voters of PA

Lehigh Valley Black News Network

Libertae

Lutherans Advocacy Ministry Pennsylvania

Military Officers Association of America - Pittsburgh Chapter

PA Alliance for Retired Americans

PA Council of Chapters Military Officers Association of America

PathWays PA

PennPIRG

Pennsylvania Council of Churches

Pennsylvanians Organized to Witness Empower & Rebuild

Philadelphia Unemployment Project

Society of St. Vincent de Paul, Archdiocese of Philadelphia

Soroptimist International of Bucks County

The Peace Center

Unitarian Universalist Pennsylvania Legislative Advocacy Network

United Way of Erie County  
Westmoreland Community Action

***Rhode Island***

NeighborWorks Blackstone River Valley  
Rhode Island Interfaith Coalition to Reduce Poverty  
Rhode Island State Council of Churches  
RIPIRG  
The Community Relations Council of the Jewish Alliance of Greater Rhode Island

***South Carolina***

Columbia Consumer Education Council  
South Carolina Appleseed Legal Justice Center

***South Dakota***

Lakota Federal Credit Union  
Lakota Funds

***Tennessee***

Christian Community Services, Inc  
Cocke Co. Habitat for Humanity  
Community Housing Partnership of Williamson County  
Eastern 8 Community Development Corporation  
Family Promise of Roane County  
Franklin Housing Commission  
Gibson County Habitat for Humanity  
Habitat for Humanity of Anderson County  
Habitat for Humanity of Catawba Valley  
Habitat for Humanity of Cleveland TN  
Habitat for Humanity of Greater Chattanooga Area  
Habitat for Humanity of Greater Memphis  
Habitat for Humanity of Greater Nashville  
Habitat for Humanity of Paris/Henry County  
Habitat for Humanity of Tennessee  
Habitat for Humanity of Warren County  
Habitat for Humanity of Wilson County  
Habitat for Humanity, Sumner County  
Habitat of Humanity of Williamson County  
Highland Rim Habitat for Humanity  
Loudon County Habitat for Humanity

Mi Techo, Inc.  
New Level Community Development Corporation  
Putnam County Habitat for Humanity  
Roane County Habitat for Humanity  
Rutherford County Area Habitat for Humanity  
Tennessee Housing Development Agency

***Texas***

Anti-Poverty Coalition of Greater Dallas  
Austin Community College American Federation of Teachers Local 6249  
Austin Poverty Initiative  
Austin Voices for Education and Youth  
Calvary Baptist Church  
Center for Public Policy Priorities  
Christian Women's Job Corps  
Citizens for Responsible Lending  
CitySquare  
Dismas Inc.  
East Waco Community Center (EWCC)  
Education Austin  
Helping Hands Ministry of Belton  
Liveable City  
RAISE Texas  
Strong Families Coalition of Greater Tarrant County  
Texas Appleseed  
Texas Catholic Conference  
TexPIRG  
United Way of Greater Houston  
United Way of Metropolitan Dallas  
Workers Defense Project

***Utah***

Utah Coalition of Religious Communities

***Vermont***

VPIRG

***Virginia***

Virginia Citizens Consumer Council  
Virginia Interfaith Center

Virginia Organizing  
Virginia Partnership to Encourage Responsible Lending  
Virginia Poverty Law Center

***Washington***

Alliance for a Just Society  
Consumer Justice Law Center, LLC  
Kittitas County Habitat for Humanity  
Lewiston-Clarkston Partners Habitat for Humanity  
OneAmerica  
Skagit Habitat for Humanity  
Statewide Poverty Action Network  
Tacoma/Pierce County Habitat for Humanity  
Washington Community Action Network  
WashPIRG

***West Virginia***

Huntington WV Area Habitat for Humanity, Inc.  
Mountain State Justice in West Virginia  
Southern Appalachian Labor School  
WV Citizen Action Group

***Wisconsin***

Habitat for Humanity- La Crosse Area  
Habitat for Humanity of Langlade County  
Wisconsin Community Action Program Association  
WISPIRG

***Wyoming***

Wyoming Coalition Against Domestic Violence and Sexual Assault

