

## STOP THE PAYDAY LOAN DEBT TRAP



May 15, 2019

Director Kathleen Kraninger  
Consumer Financial Protection Bureau  
1700 G Street NW  
Washington, DC 20552  
Submitted electronically via <https://www.regulations.gov>

### **Re: Comments on Proposal to Rescind Ability-to-Repay Requirements Governing Payday, Vehicle Title, and Certain High-Cost Installment Loans, Docket No. CFPB-2019-0006; RIN 3170-AA80**

Dear Director Kraninger,

We, the undersigned 429 civil rights, consumer, labor, faith, veterans, senior, business, and community organizations from 46 states plus the District of Columbia write to vehemently oppose the proposed rescission of the common sense ability-to-repay requirements of the Consumer Financial Protection Bureau (the Bureau)'s 2017 payday and vehicle title loan rule ("Ability-to-Repay Rule" or "Rule").

We are painfully aware of the severe harm that unaffordable payday and car title loans cause to the communities we represent. Payday lenders concentrate themselves within low-income neighborhoods and far more heavily—even controlling for income—within communities of color, making loans without assessing whether borrowers can repay them. Unaffordable payday and car title loans set debt traps—long series of loans that drive borrowers deeper into financial distress and often to financial ruin. The debt trap is the lenders' business model.

The debt trap is associated with greater risk of delinquency on rent payments and other bills, delayed medical care, overdraft fees, loss of bank accounts, and bankruptcy. It can also inflict severe psychological harm, including distress resulting from aggressive debt collection practices. The debt trap, in the words of some who have been there, is a "living hell."<sup>1</sup>

Bank-issued payday loans, whose expansion the Bureau now encourages, were also typically unaffordable, leading to a cycle of repeat loans. Contrary to bank claims, we have seen no evidence that these loans gave people an alternative to non-bank payday lending or drove non-bank payday lender volume down. Rather, data suggests they simply saddled bank customers with additional unaffordable debt.

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<sup>1</sup> See, e.g., Diane S. Williams, *Getting Out of the Debt: Part 2 of a series*, Public Employee Press, District Council 37 (quoting a payday loan borrower who asked not to be identified), [http://www.dc37pep.net/news/PEP/3\\_2012/420\\_payday\\_loan.html](http://www.dc37pep.net/news/PEP/3_2012/420_payday_loan.html). Additional examples on file with Center for Responsible Lending.



Hundreds of organizations all across the country earlier called for a strong Bureau rule to stop the debt trap, including by urging the Bureau to finalize a rule more protective of consumers than the one it issued in 2017. We have known since before the 2017 Rule was finalized that the payday lenders—a powerful, well-resourced, savvy lobby—would pull out all the stops to preserve their debt trap business model, including through Congress and through the courts.

We did not expect, however, that new Bureau leadership would side with payday and car title lenders at every turn. In December 2017, new Bureau leadership endorsed efforts in Congress to overturn the Rule—even stating that Congress was “the more appropriate place” for the repeal to happen. That effort failed. Bureau leadership then sided with industry associations in litigation challenging the Rule. That litigation, on its own, did not erase the rule. The Bureau leadership now attempts to repeal the rule through this proposal.

The Bureau’s proposed repeal relies on fabricated rationales in support of prejudged conclusions to give predatory lenders what they want. It is an abdication of the Bureau’s statutory mandate and a betrayal of every financially distressed American preyed upon by unaffordable payday and car title loans. As president and CEO of the Leadership Conference on Civil and Human Rights, Vanita Gupta, recently said, a rescission of the Ability-to-Repay Rule would be “a slap in the face to consumers—especially people of color—who have been victims of predatory business practices and abusive lenders.” The Bureau’s attack on the “unfair” and “abusive” standards broadens that betrayal to virtually every American who, at one time or another, will be harmed by unscrupulous financial practices.

Nearly 100 million Americans live in the 16 states plus the District of Columbia where laws cap rates at 36% or below, not permitting the high rates payday lenders charge. As a result, nonbank payday lenders do not operate in those states, and residents save over \$2.3-- billion annually on payday loans. States not permitting high-cost car title loans save their residents \$2.8 billion annually. State laws in the remaining states leave their residents vulnerable to the debt trap caused by unaffordable payday loans. This is no excuse for the CFPB to roll back critical protections against the debt trap; indeed, Congress gave the CFPB a special mandate to address payday lending across the nation. Moreover, a return of unaffordable payday loans by banks, which generally do not abide by state usury caps, would threaten the financial well-being of consumers from sea to shining sea.

Please withdraw this unjustified repeal proposal and permit the protections against the payday and car title lending debt trap to go into effect.

### **National**

Allied Progress

Americans for Financial Reform

American Family Voices

Avodah

Bend the Arc Jewish Action

Center for Responsible Lending

Central Conference of American Rabbis

Color Of Change

Communications Workers of America (CWA)



Consumer Action  
Consumer Federation of America  
Demos  
Farmworker Justice  
Habitat for Humanity International  
Hebrew Free Loan Society  
Jewish Council for Public Affairs  
Jewish Women International  
League of United Latin American Citizens (LULAC)  
Main Street Alliance  
NAACP  
National Advocacy Center of the Sisters of the Good Shepherd  
National Association of Consumer Advocates  
National Association for Latino Community Asset Builders  
National CAPACD  
National Center for Law and Economic Justice  
National Community Reinvestment Coalition (NCRC)  
National Consumer Law Center (on behalf of its low income clients)  
National Consumers League  
National Council of Jewish Women  
National Fair Housing Alliance  
National Foundation for Credit Counseling  
National Latino Farmers and Ranchers Trade Association  
National NeighborWorks Association  
National Rural Social Work Caucus  
NETWORK Lobby for Catholic Social Justice  
New Hope Collaborative  
Prosperity Now  
Reconstructing Judaism  
Service Employees International Union  
Sisters of Charity of Nazareth Congregational Leadership  
Sisters of Charity of Nazareth Western Province Leadership  
Southern Poverty Law Center  
The Leadership Conference on Civil and Human Rights  
T'ruah: The Rabbinic Call for Human Rights  
Union for Reform Judaism  
Uri L'Tzedek (Orthodox Social Justice)  
U.S. PIRG  
The Workmen's Circle

## **Alabama**

The Alabama Applesed Center for Law & Justice



Alabama Faith Council  
The Alliance for Responsible Lending in Alabama (ARLA)  
Greater Birmingham Ministries  
Tuscaloosa Citizens Against Predatory Practices  
YWCA Central Alabama

### **Alaska**

Alaska AFL-CIO  
The Alaska Center  
Alaska Community Action on Toxics  
Alaska Public Interest Research Group (AkPIRG)  
Bristol Bay Development Fund  
Cook Inlet Housing Authority  
Cook Inlet Lending Center, Inc.  
NAACP - Anchorage, Alaska  
Northern Justice Project  
Spruce Root, Inc.

### **Arizona**

Arizona Coalition to End Sexual & Domestic Violence  
AZ PIRG  
Center for Economic Integrity  
Family Housing Resources  
Primavera Foundation  
Take Charge America  
Trellis  
Wildfire: Igniting Community Action to End Poverty in Arizona  
World Hunger Ecumenical Arizona Task Force, Inc (WHEAT)

### **Arkansas**

Arkansans Against Abusive Payday Lending  
Arkansas Community Organization

### **California**

AME Church - Fifth Episcopal District  
Beneficial State Foundation  
California League of United Latin American Citizens  
California Reinvestment Coalition  
CALPIRG  
CAMEO - California Association for Micro Enterprise Opportunity  
Coalition for Humane Immigrant Rights (CHIRLA)



Community Development Technologies Center  
Consumers for Auto Reliability and Safety  
Delores Huerta Foundation  
Fair Housing Council of Riverside County, Inc.  
Housing and Economic Rights Advocates  
Macedonia Baptist Church of Los Angeles  
Mission Asset Fund (MAF)  
New Economics for Women  
Our Revolution San Leandro  
Public Law Center  
San Francisco Office of Financial Empowerment

### **Colorado**

The Bell Policy Center  
CoPIRG (Colorado Public Interest Research Group)  
The Interfaith Alliance of Colorado  
Rose of Sharon Tabernacle

### **Connecticut**

Capital For Change  
Connecticut Appleseed Center for Law and Justice Inc.  
Connecticut Association For Human Services  
Connecticut Citizen Action Group (CCAG)  
Connecticut Fair Housing Center  
Connecticut Legal Services, Inc.  
ConnPIRG  
Connecticut Veterans Legal Center  
Mothers (and Others) for Justice  
New Haven Legal Assistance Assoc.  
Witnesses to Hunger - New Haven Chapter

### **Delaware**

Delaware Community Reinvestment Action Council, Inc.

### **District of Columbia**

Legal Aid Society of the District of Columbia  
Tzedek DC

### **Florida**

Brevard County Legal Aid  
Capital Good Fund



Catalyst Miami  
Florida Alliance for Consumer Protection  
Florida Alliance for Retired Americans  
Florida Consumer Action Network  
Florida Council of Churches  
Florida Legal Services  
Florida PIRG  
Florida Prosperity Partnership  
Jacksonville Area Legal Aid  
Latino Leadership, Inc.  
Legal Aid Society of Orange County Bar Association  
Legal Aid Society of Palm Beach County  
Legal Service of Broward County  
Progress Florida  
Solita's House

### **Georgia**

Atlanta Legal Aid Society, Inc.  
Economic Empowerment Initiative, Inc.  
Georgia Sustainable Community Ventures  
Georgia PIRG  
Georgia Watch  
Sconiers Homeless Preventative Organization Inc  
Urban Asset Builders, Inc.

### **Hawaii**

Hawai'i Alliance for Community-Based Economic Development  
Hawaii Appleseed Center for Law & Economic Justice  
Hawaiian Community Assets

### **Illinois**

CEDA of Cook County, Inc.  
Center for Changing Lives  
Heartland Alliance for Human Needs & Human Rights  
Housing Action Illinois  
Illinois PIRG  
Legal Council For Health Justice  
Oak Park Regional Housing Center  
Partners In Community Building  
Project IRENE  
Woodstock Institute



## **Indiana**

All Souls Unitarian Church  
Citizens Action Coalition of Indiana  
Community, Faith and Labor Coalition  
Fair Housing Center of Central Indiana  
GCC Foundation  
Grace Church  
Habitat for Humanity Clark & Floyd Indiana, Inc  
Habitat for Humanity of Indiana  
HomesteadCS  
Hoosier Action  
Indiana Assets & Opportunity Network  
Indiana Association of Area Agencies on Aging  
Indiana Catholic Conference  
Indiana Coalition Against Domestic Violence, Inc.  
Indiana Community Action Association  
Indianapolis Worker Justice Center  
Indiana PIRG  
Indian Creek Christian Church  
LifeStream Services, Inc.  
Lincoln Hills Development Corporation  
Marion County Commission on Youth, Inc.  
The Military / Veterans Coalition of Indiana  
Northwest Indiana Reinvestment Alliance  
Prosperity Indiana  
Southeast Community Services  
StarkePulaski Habitat for Humanity  
Wayne Township Trustee of Wayne County  
West Indianapolis Development Corp.

## **Iowa**

Iowa Citizens for Community Improvement  
Iowa PIRG

## **Kansas**

Advocates for Immigrant Rights and Reconciliation  
Consumer Credit Counseling Service, Inc  
Kansas Appleseed  
Kansas Legal Services, Inc.  
Unitarian Universalist Fellowship of Manhattan, KS



## **Kentucky**

Citizens of Louisville Organized & United Together  
Kentucky Center for Economic Policy  
Kentucky Coalition Against Domestic Violence  
Kentucky Equal Justice Center  
Redbud Financial Alternatives, Inc.

## **Louisiana**

Louisiana Budget Project  
United Way - Southeast Louisiana

## **Maine**

Coastal Enterprises, Inc.  
Maine Center for Economic Policy  
Maine People's Alliance  
Maine Small Business Coalition

## **Maryland**

Asian-American Homeownership Counseling, Inc.  
CASH Campaign of Maryland  
CCCSMD (Guidewell Financial Solutions)  
Congregation of Our Lady of the Good Shepherd, US Provinces  
Housing Options & Planning Enterprises, Inc.  
Maryland Consumer Rights Coalition  
Maryland PIRG  
Neighborhood Housing Services of Baltimore  
Prince George's CASH Campaign  
Progressive Maryland  
Public Justice Center  
Workplace Fairness

## **Massachusetts**

MASSPIRG  
Urban Edge

## **Michigan**

Baxter Community Center  
Circles Grand Rapids  
Community Economic Development Association of Michigan (CEDAM)  
Grand Rapids Opportunities for Women (GROW)  
Home Repair Service - Grand Rapids





Inner City Christian Foundation  
Pennies From Heaven Foundation  
PIRG in Michigan (PIRGIM)  
Project GREEN

### **Minnesota**

Jewish Community Action  
Lakes Area Habitat For Humanity

### **Mississippi**

Mississippi Center for Justice  
North Montgomery Citizens United for Prosperity (MCUP)

### **Missouri**

The Housing Partnership, Inc.  
Missouri Faith Voices  
MoPIRG

### **Montana**

AFSCME Montana Council 9  
Agadas Integrated Wellness  
Andrea J. Olsen, Attorney at Law Missoula, MT  
Angela's Piazza  
Billings First Congregational Church - UCC  
Billings Rises  
Bitter Root RC & D  
Cheyenne Trailriders  
Emmaus Campus Ministry, ELCA  
Greater Yellowstone Central Labor Council  
Har Shalom Congregation  
Harvest House, Inc  
Homeward, Inc.  
IBEW 233  
Montana AFL-CIO  
Montana Fair Housing  
Montana Federation of Public Employees  
Montana Native Vote  
Montana Organizing Project  
MontPIRG  
Montana Voter Policy Institute  
MT-NWy Conference - UCC



Native American Development Corporation  
Rural Dynamics, Inc.  
SEIU 775  
United Campus Ministry at MSU Billings  
Western Native Voice

### **Nebraska**

Nebraska Appleseed Center for Law & Justice  
Nebraska Voices for Children

### **Nevada**

Nevada Partners, Inc.  
Progressive Leadership Alliance of Nevada

### **New Hampshire**

NH Legal Assistance  
NHPIRG

### **New Jersey**

New Jersey Citizen Action  
New Jersey Community Capital  
NJPIRG

### **New Mexico**

Centro Savila  
Native American Voters Alliance Education Project  
New Mexico Center on Law & Poverty  
New Mexico Voices for Children  
NMPIRG  
Northern New Mexico College  
Partnership for Community Action  
Prosperity Works

### **New York**

Buffalo Urban League  
Community Development Venture Capital Alliance  
District Council 37 Municipal Employees Legal Services  
Empire Justice Center  
The Financial Clinic  
Habitat for Humanity in Nassau County NY, Inc.  
Housing and Family Services of Greater New York, Inc.



Legal Services NYC  
Local Initiatives Support Corporation (LISC)  
New Economy Project  
New York Public Interest Research Group (NYPIRG)

### **North Carolina**

Asheville Area Habitat for Humanity  
BPFNA ~ Bautistas por la Paz  
Carolina Community Impact, Inc.  
Carolina Jews for Justice  
Charlotte Center for Legal Advocacy  
The Collaborative North Carolina Assets Alliance  
Democracy Greensboro  
Elizabeth City Habitat for Humanity  
Fulbright Financial Consulting, PA  
Habitat for Humanity Charlotte  
Habitat for Humanity of North Carolina  
Habitat for Humanity of Orange County  
Mountain BizWorks  
NAREB - Eastern Carolina Board of Realist  
NCPIRG  
North Carolina Coalition on Aging  
North Carolina Conference of the United Methodist Church  
North Carolina Council of Churches  
North Carolina Housing Coalition  
North Carolina Justice Center  
North Carolina NAACP  
North Carolina State AFL-CIO  
Olive Hill Community Economic Development Corporation, Inc  
OnTrack WNC Financial Education & Counseling  
Person County Habitat for Humanity  
Pisgah Legal Services  
Reinvestment Partners  
Rutherford County Habitat for Humanity

### **North Dakota**

High Plains Fair Housing Center  
North Dakota Economic Security and Prosperity Alliance

### **Ohio**

COHHIO  
Detroit Shoreway Community Development Organization



Fair Housing Center for Rights & Research  
Famicos Foundation  
Homeport  
Home Repair Resource Center  
NeighborWorks - Toledo Region  
Ohio CDC Association  
Ohio PIRG  
Policy Matters Ohio

### **Oklahoma**

CAIR Oklahoma  
Catholic Charities Archdiocese of Oklahoma City  
Catholic Conference of Oklahoma  
Citizen Potawatomi Community Development Corporation  
Fellowship Congregational UCC  
VOICE-OKC

### **Oregon**

CASA of Oregon  
Hacienda Community Development Corporation  
Neighborhood Partnerships  
Oregon Food Bank  
Oregon PIRG (ORPIRG)

### **Pennsylvania**

Bucks County Women's Advocacy Coalition  
Brith Sholom Jewish Center, Erie, PA  
Clarifi  
Community Legal Services, Inc. of Philadelphia  
THE ONE LESS FOUNDATION  
PennPIRG  
Pennsylvania Council of Churches

### **Rhode Island**

Economic Progress Institute (Rhode Island)  
RIPIRG

### **South Carolina**

Henderson County Habitat for Humanity, Inc.  
South Carolina Appleseed Legal Justice Center  
St. Francis Catholic Outreach



## **Tennessee**

Good Neighbor Foundation-HOC  
Tennessee Citizen Action

## **Texas**

Anti-Poverty Coalition of Greater Dallas  
Avenue CDC  
BCL of Texas  
Brazos Valley Affordable Housing Corp.  
Brazos Valley Financial Fitness Center  
Center for Public Policy Priorities  
Center for Transforming Lives  
Central Texas Housing Consortium  
CitySquare  
City Wide Community Development Corporation  
Community Development Corp. of Brownsville  
Family Promise of Longview, Inc.  
Foundation Communities  
Habitat for Humanity Texas  
Harvest Community Development Corporation  
Heart of Texas Defense Alliance  
Hispanic Baptist Convention of Texas  
Housing Opportunities of Fort Worth, Inc.  
Northeast Texas Community Development Corporation  
Project LIFT  
RAISE Texas  
Texas Appleseed  
Texas Association of Goodwills  
Texas Association of Community Development Corporations  
TexPIRG  
United Way of Central Texas  
United Way of Greater Houston  
United Way of Metropolitan Dallas  
United Way of Southern Cameron County  
United Ways of Texas  
Waco Housing Authority and Affiliates

## **Vermont**

Vermont Public Interest Research Group



## **Virginia**

Better Housing Coalition  
Habitat for Humanity of Greater Charlottesville  
Social Action Linking Together (SALT)  
Virginia Organizing Project  
Virginia Poverty Law Center

## **Washington**

Columbia Legal Services  
El Centro de la Raza  
Equal Voice Action  
Kitsap Community Resources  
Lower Columbia CAP  
Multi-Service Center (MSC)  
Northwest Harvest  
Olympic Community Action Programs (OlyCAP)  
Progreso Latino Progress Alliance  
Statewide Poverty Action Network  
Snohomish County Asset Building Coalition  
United Way of Pierce County  
UNITE HERE Local 8  
Washington Low Income Housing Alliance  
WashPIRG  
Washington State Budget & Policy Center  
Washington State Community Action Partnership

## **West Virginia**

Communications Workers of America - WV  
Covenant House  
Mountain State Justice  
National Association of Social Workers, West Virginia Chapter  
OVEC-Ohio Valley Environmental Coalition  
Partnership of African American Churches  
The West Virginia Center on Budget and Policy  
West Virginia Citizen Action Group  
West Virginia Council of Churches  
West Virginia Healthy Kids and Families Coalition  
West Virginians for Affordable Health Care

## **Wisconsin**

Disability Justice



Fair Wisconsin  
First Unitarian Society Madison Social Justice Ministry  
Fons Law Office  
Kids Forward  
League of Women Voters of Wisconsin  
Legal Aid Society of Milwaukee  
Metropolitan Milwaukee Fair Housing Council  
NeighborWorks Blackhawk Region  
One Wisconsin Institute  
South Central Federation of Labor  
Univ. of Wisconsin Consumer Law Clinic  
Urban Economic Development Association of Wisconsin (UEDA)  
Wisconsin Alliance for Women's Health  
Wisconsin Catholic Conference  
Wisconsin Council of Churches  
Wisconsin Community Action Program Association (WISCAP)  
Wisconsin Faith Voices for Justice  
Wisconsin Network for Peace, Justice & Sustainability  
WISPIRG  
Worker Justice Wisconsin  
9to5, National Association of Working Women - Wisconsin Chapter

