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

Docket No: CFPB-2016-0025

Re: Support for a Strong Payday Rule

10/01/2016

We write to you today to thank you for your strong leadership at the Consumer Financial Protection Bureau (CFPB) and urge you to support a strong final rule on payday, car title, and high-cost installment loans. As the close for the comment period draws near, we hope the CFPB will release a rule that effectively ends the debt trap.

We are a group of non-profit organizations and individuals who are concerned about the financial security of low and moderate income residents in Massachusetts, and beyond. The proposed rule does include provisions, such as the ability-to-repay principle, that are key to helping families avoid the pitfalls of high cost lending. However, the inclusion of 6 “emergency” high-cost small dollar loans a year, that are exempt from this ability-to-repay requirement, creates an opportunity for families to fall into the debt trap all over again.

We ask that you support a strong rule without dangerous loopholes that has the ability to protect consumers nationally.

Through strong consumer advocacy and public policy, Massachusetts has been a leader in protecting against predatory payday loan practices by capping the rate for small loans at 23% within our state. In our experience, as one of the few states that effectively prevents payday lending, we see consumers survive –and often thrive—without access to these loans. We feel it is important to require these kinds of protections nationwide and see the upcoming final rule as a vehicle to do so.

We urge you to stand with us and support low and moderate income families by drafting firm rules that: 1) stop the payday loan debt trap, 2) ensure that loans are affordable, and 3) protect individuals’ bank accounts from payday lenders’ harmful tactics.

Thank you for your attention to this important matter.

Sincerely,

Pam Hoffman

The Midas Collaborative and the following Partners:

1199SEIU – MA Division
Allston Brighton Community Development Corporation
Cambridge Economic Opportunity Committee, Inc
Commonwealth
Economic Mobility Pathways
Heading Home, Inc

Jewish Community Relations Council
Lawrence Community Works, Inc
Massachusetts Affordable Housing Alliance
Massachusetts Law Reform Institute
Massachusetts Community Action Network
Massachusetts Association of Community Development Corporations