



May 15, 2019

Director Kathleen Kraninger  
Consumer Financial Protection Bureau (CFPB)  
1700 G Street NW  
Washington, DC 20552

**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:

The *Paydayfreelandia* coalition represents states throughout the country that ban predatory payday lending. Our states are home to more than 100 million Americans, and we see the proposed rescission of the CFPB's 2017 rule as a dangerous step in exactly the wrong direction for the country.

Attached please find the comment letter our *Paydayfreelandia* coalition submitted to the CFPB on October 7, 2016, urging the CFPB to issue the strongest possible rule to curb predatory payday and auto title lending. Also attached are letters from groups in the many states that ban predatory payday lending, clearly establishing a more than reasonable basis for including a strong ability-to-repay requirement and other meaningful provisions in the final rule.

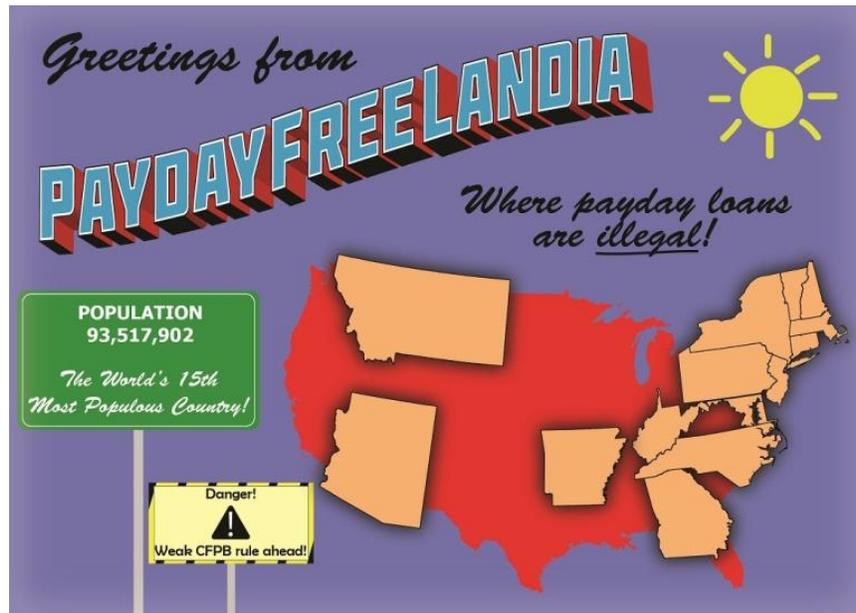
Under your directorship, the CFPB now proposes rescinding this core component of the final rule that the CFPB issued on October 5, 2017. We resubmit the attached letters, because all of evidence presented and points made still stand.

As you know, during the rulemaking process, which extended over a multi-year period, the CFPB received comments from thousands of organizations and individuals from states that prohibit predatory payday lending. The notion that there was somehow insufficient evidence, including from our states, to issue the final rule is simply preposterous. Similarly, the CFPB's purported rationales for the current proposal belie the true nature of the proposal: to undo the final rule at the behest of the predatory lending industry.

It would be a travesty – for the entire country – if the CFPB proceeded with its proposal. Please contact Andy Morrison at New Economy Project (212-680-5100) with any questions.

Sincerely,

*Paydayfreelandia Coalition*



October 7, 2016

*Via Electronic Submission*

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

Re: Proposed rulemaking on payday, vehicle title, and certain high-cost installment loans, Docket No. CFPB-2016-0025 or RIN 3170-AA40

Dear Director Cordray:

Thank you for the opportunity to submit comments on the CFPB's proposed rule on payday, vehicle title, and certain high-cost installment loans. On behalf of organizations based in the 14 states, plus the District of Columbia, where payday lending is prohibited by state law, we write to urge the CFPB to issue a final rule that will bolster states' efforts to enforce their usury and other consumer protection laws against payday lenders, debt collectors, and other actors that seek to make, collect, or facilitate illegal loans in our states.

Our jurisdictions, which represent more than 90 million people—about one-third of the country's population—have taken the stance, through our long-standing usury laws or more

recent legislative and ballot reforms, that strong, enforceable rate caps are sound public policy and the best way to end the payday loan debt trap. Our states have also taken strong enforcement actions against predatory lending, resulting in millions of dollars of debt relief and restitution to its residents.<sup>1</sup> Nevertheless, payday lenders continue to try to exploit loopholes in the laws of some of our states; claim that they need not comply with our state laws (for example, in the case of lenders purporting to have tribal sovereignty); or simply disregard them altogether.

It is therefore not enough for the CFPB simply to acknowledge the existence of, and not preempt, laws in the states that prohibit payday loans.<sup>2</sup> Rather, the CFPB should strengthen the enforceability of our state laws, by declaring in the final rule that offering, collecting, making, or facilitating loans that violate state usury or other consumer protection laws is an unfair, deceptive, and abusive act or practice (UDAAP) under federal law. The enforcement actions that the Bureau has taken over the last few years against payday lenders, debt collectors, payment processors, and lead generators provide a strong foundation for including this explicit determination in the payday lending rule.<sup>3</sup>

The CFPB's success in its federal lawsuit against payday lender CashCall provides a particularly strong basis for including such a provision in the final rule. There, the CFPB sued CashCall and its loan servicer/debt collector, alleging that they engaged in practices that were unfair, deceptive and abusive under Dodd-Frank, included making and collecting on loans that violated state usury caps and licensing laws and were therefore void and/or uncollectible under state law.<sup>4</sup> The court agreed, stating as follows:

Based on the undisputed facts, the Court concludes that CashCall and Delbert Services engaged in a deceptive practice prohibited by the CFPB. By servicing and collecting on Western Sky loans, CashCall and Delbert Services created the “net impression” that the loans were enforceable and that borrowers were obligated to repay the loans in

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<sup>1</sup> Diane Standaert & Brandon Coleman, *Ending the Cycle of Evasion: Effective State and Federal Payday Lending Enforcement* (2015), available at [http://www.responsiblelending.org/sites/default/files/nodes/files/research-publication/crl\\_payday\\_enforcement\\_brief\\_nov2015.pdf](http://www.responsiblelending.org/sites/default/files/nodes/files/research-publication/crl_payday_enforcement_brief_nov2015.pdf).

<sup>2</sup> As the Bureau states in the preamble to the proposed rule, “...certain States have fee or interest rate caps (i.e., usury limits) that payday lenders apparently find too low to sustain their business models. The Bureau believes that the fee and interest rate caps in these States would provide greater consumer protections than, and would not be inconsistent with, the requirements of the proposed rule.” Consumer Fin. Protection Bureau, Payday, Vehicle Title, and Certain High-Cost Installment Loans, Proposed Rule, 81 Fed. Reg. 47903 (June 22, 2016).

<sup>3</sup> See, e.g., Complaint, *CFPB v. D and D Marketing, et al.*, (C.D. Cal. Dec. 17, 2015) (Case No. 2:15-cv-9692); Complaint, *CFPB v. NDG Financial Corp., et al.*, (S.D.N.Y. Jul. 31, 2015) (Case No. 1:15-cv-02511); Complaint, *CFPB v. CashCall, Inc., et al.*, (D. Mass. Dec. 16, 2013) (Case No. 1:13-cv-13167).

<sup>4</sup> Complaint, *CFPB v. CashCall, Inc., et al.*, (D. Mass. Dec. 16, 2013) (Case No. 1:13-cv-13167).

accordance with the terms of their loan agreements....[T]hat impression was patently false – the loan agreements were void and/or the borrowers were not obligated to pay.<sup>5</sup>

Critically, the court explicitly rejected the defendants’ argument that Congress had not authorized the CFPB to transform a state law violation into a violation of federal law, holding that “while Congress did not intend to turn every violation of state law into a violation of the CFPB, that does not mean that a violation of a state law can never be a violation of the CFPB.”<sup>6</sup>

Accordingly, by deeming conduct in violation of relevant state usury and lending laws UDAAPs, the CFPB would render such conduct a violation of federal law as well, thereby giving all states a clearer path for enforcing their laws. Without such a provision in the final rule, state Attorneys General and banking regulators, though authorized by Dodd-Frank to enforce federal UDAAP violations, would continue to have to prove that certain acts or practices meet the legal standard, subject to the courts’ final determination.

In addition, even where states have strong statutory prohibitions against not only illegal lending but the facilitation and collection of illegal loans,<sup>7</sup> some state law penalties may be too small to effectively deter illegal lending. For many payday lenders and related entities, these penalties are simply the cost of doing business. The greater penalties under Dodd-Frank for federal UDAAP violations would provide a much stronger enforcement tool to state Attorneys General and regulators, as well as a much more effective deterrent against illegal lending.

The CFPB should also clarify that attempting to debit a borrower’s deposit account for a payment on an illegal loan is unauthorized and therefore a violation of the federal Electronic Fund Transfer Act and Regulation E. This would establish that lenders collecting payments on illegal loans in this manner are violating not only state laws, but federal law as well.

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<sup>5</sup> *Consumer Fin. Protection Bureau v. CashCall, Inc., et al.*, No. 2:15-CV-7522-JFW-RAO, 2016 WL 4820635 at \*10 (C.D. Cal., Aug. 31, 2016).

<sup>6</sup> *Id.* at \*12 (citing *Currier v. First Resolution Inv. Corp.*, 762 F.3d 529, 537 (6th Cir. 2014)).

<sup>7</sup> *See, e.g.*, Conn. Pub. Act 15-65 (2016) (explicitly prohibiting the offering, soliciting, collection, purchase, advertising, lead generating, and other activities without first obtaining a license and for loans that violate the rate cap and other consumer protection provisions); Conn. Gen. Stat. § 36a-573(d) (2015) (prohibiting the aiding and abetting of lending in violation of the state’s small loan law); 9 V.S.A. § 2481w(b)-(d) (2013) (making it an unfair and deceptive practice: 1) for a lender to make or solicit a loan unless in compliance with the lending law; 2) for a payment processor to process a payment for a loan unless the lenders is in compliance with the state’s lending laws; and 3) for any person to provide “substantial assistance” to a lender or payment processor when the person knows or should know that the lender or processor is in violation of the statute or committing an unfair or deceptive act or practice).

We thank you for your continued consideration of our concerns, and hope that the CFPB's final rule serves to strengthen our states' abilities to enforce our state laws and protect our residents from the payday loan debt trap.

Respectfully,

Arizona Community Action Association  
Arkansans Against Abusive Payday Lending  
Center for Economic Integrity (AZ)  
The Collaborative of NC  
Community Legal Services of Philadelphia (PA)  
Connecticut Association for Human Services  
DC 37 Municipal Employees Legal Services (NY)  
Empire Justice Center (NY)  
Georgia Watch  
Granite State Organizing Project (NH)  
Hebrew Free Loan Society (NY)  
IMPACCT Brooklyn (NY)  
Lower East Side People's Federal Credit Union/PCEI, Inc. (NY)  
The Midas Collaborative (MA)  
Maryland Consumer Rights Coalition  
Montana Organizing Project  
New Economy Project (NY)  
New Hampshire Legal Assistance  
New Jersey Citizen Action  
New York Public Interest Research Group (NYPIRG)  
North Carolina Assets Alliance  
North Carolina Coalition for Responsible Lending  
North Carolina Council of Churches  
North Carolina Justice Center  
Pennsylvania Public Interest Research Group (PennPIRG)  
Philadelphia Unemployment Project (PA)  
Reinvestment Partners (NC)  
Rural Dynamics (MT)  
United Valley Interfaith Project (NH, VT)  
West Virginia Center on Budget and Policy



# Arkansans Against Abusive Payday Lending

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[www.StopPaydayPredatorsArkansas.org](http://www.StopPaydayPredatorsArkansas.org)

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October 7, 2016

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

Re: Arkansans Against Abusive Payday Lending comments on proposed rulemaking on payday, vehicle title, and certain high-cost installment loans

Docket number CFPB-2016-0025 or RIN 3170-AA40

Dear Director Cordray:

Arkansas has been a payday loan-free state since 2009 and we respectfully urge the Consumer Financial Protection Bureau (CFPB) to issue a strong payday lending rule that ends the payday loan debt trap throughout the country. We submit this comment to share with your Arkansas's history with payday lending and the harm it caused our communities, our efforts to enforce our law against loopholes, and how families are better off without these debt traps. We urge a strong rule by the CFPB to ensure that our laws are not undermined.

The best way to address abusive payday lending, as well as car title and other forms of predatory high-cost lending, is to put an end to it once and for all. Ninety million Americans live in the fifteen payday loan-free states like Arkansas, and we know they are better off without payday lending. We will continue to fight to keep high-cost loans out of Arkansas and the communities within our state.

## **Brief History of Payday Lending in Arkansas**

For many years, Arkansas suffered the harms of unaffordable debt trap loans. Even though Arkansas has a constitutional usury limit, check cashers convinced our state legislators to pass the Check Cashers Act 1999 which permitted payday lending with interest rates from 182% to 2,088% per annum. They were able to do that in Arkansas, even with a usury limit in our constitution that limited consumer loans to no more than 5% above the Federal Reserve Discount Rate, with a maximum of 17% per annum. To bypass this constitutional usury limit they called their payday loans “deferred presentment” of a check, stated their transactions were not deemed “loans,” and that their fees were not deemed “interest.”

During this time, payday loans in Arkansas caused great harm, since they were unaffordable, charged excessive rates, and took extraordinary leverage over borrowers by being able to seize money directly out of a borrower's bank account through the use of a post-dated check. These loans trapped low income borrowers and borrowers of color into renewals and refinancing due to the borrower's inability to repay the loan. Most borrowers of these high-cost loans could not afford any additional debt, and were unable to pay off the loan when it came due. Borrowers in Arkansas were trapped in perpetual debt to these high-cost lenders for months and often years. See attached list of stories of Arkansans harmed by payday loans.

In 2004, we formed a coalition of 40 senior, civil rights, labor, faith-based, community, consumer justice groups, affordable housing, military and veterans, legal services organizations, and others. See Attached List.

We sought relief at the Legislature in 2005 and 2007; however, the payday lenders' lobby was a formidable force and blocked these efforts to prevent the debt trap. When those efforts did not succeed we went to the Arkansas Supreme Court. Arnold, Batson, Turner & Turner, Attorneys-at-Law, a member of our coalition, petitioned the Arkansas Supreme Court in three separate cases and won all three. Once the Arkansas Supreme Court issued opinions in 2008 that the Check Casher Act of 1999 was unconstitutional, the Arkansas Attorney General demanded that the payday lenders comply with the 17% rate cap.

Seventy-five percent of the payday lenders complied while twenty-five percent changed their mode of operation. They pretended to operate within our laws and constitutional usury limit. However, they were still charging fees that equated to triple-digit interest rates. It took fifteen months for the Arkansas Attorney General to force all of the remaining payday lenders to comply with our law. The payday lenders chose to leave the state. The last payday lender, First American Cash Advance, left our state on July 31, 2009 and we have been a payday loan free state ever since.

In 2011, the state Legislature repealed the Check Cashers Act of 1999 which had authorized "deferred presentment" of checks which the Arkansas Supreme Court found unconstitutional in 2008. That same year the voters of Arkansas agreed to increase the constitutional usury rate to 17% per annum for all loans.

### **Arkansans have benefited from the enforcement of its rate cap**

How do people fare now that they are not trapped in unaffordable payday loans? Much, much better! We are no longer flooded with stories of people unable to pay their bills because of the payday lenders or stories of feeling trapped and helpless due to the unsustainable debt. In addition a recent report looked at this exact question, asking former payday borrowers about their experiences seven years after our rate cap went into effect. The report, attached to this letter for reference, includes key compelling findings.

The report notes that borrowers utilize a range of other options, including seeking help from friends and family, building up savings, and utilizing credit cards. Highlights of interviews with former payday borrowers when asked about their experiences now that payday lending is illegal in Arkansas are very compelling:

- "Our life is thankfully much more financially stable."
- "Much better financially. You don't continue to repeat the vicious cycle."

- “Keep it out of AR. They should never be allowed to charge more interest than banks do.”
- It was easy to get the money [from payday lenders] but it was hard to get out of it.”

In addition, Arkansas has benefited from the rate cap because it provides our state with the enforcement tools needed to stop these predatory lending practices when they occur. After the Supreme Court’s ruling upholding our state’s 17% rate cap, payday lenders attempted several schemes to try to evade it. Luckily, to date, Arkansas has effectively slammed these schemes shut, and we will remain vigilant to do so. The lesson for the CFPB is that the rule must be iron clad to prevent loopholes that predatory lenders will seek to exploit.

### **CFPB Must Not Undermine Arkansas’s Strong Law**

Many Arkansans have low incomes and struggle to make ends meet from paycheck to paycheck. The last thing Arkansas residents need is a plague of predatory, high-cost, small-dollar loans to dig them into an even deeper hole — precisely what could result if the CFPB were to issue a weak payday lending rule.

One provision is particularly concerning: The CFPB’s proposed give away to the payday lenders where payday lenders could still make up to six loans a year to a borrower without ever having to assess whether the loan is affordable or not. This is very troubling, especially considering that the costs of these loans average over 300% APR and can be even higher. Even a single, small unaffordable loan can sink people into a hole that is very hard to climb out of. In addition, this six-loan loophole may be seen as a sanctioning of the very loans that we fought for some many years to be deemed illegal in our state. Such a loophole puts at risk our years of work and strong consumer protections in Arkansas. It must be closed!

Similarly, the CFPB proposal does not go far enough to protect against the abusive types of longer-term payday loans that we have seen predatory lenders try to push in our state. The CFPB’s protections are not sufficient to ensure that people will have enough money to live on after repaying the loan and do not protect against the flipping of these unaffordable longer-term loans. Again, this is an instance where a weak rule runs the risk of sanctioning unsafe loans which will fuel lenders’ attempts to try to make them in our state.

As the CFPB prepares propose a rule to address payday lending nationally, the CFPB must not undermine our state’s usury and other consumer protection laws. Indeed, we urge you to set a high bar for the entire country and issue a rule that enhances, rather than diminishes, our existing state protections. Like you, we appreciate that there is a tremendous amount at stake for low-income families and communities throughout the country.

We remain deeply concerned that a weak CFPB payday lending rule will usher in a new wave of predatory lending in our state, as aggressive payday lenders argue that what is permitted in some states under CFPB’s rule should be permitted everywhere. A rule that undercuts laws that protect tens of millions of Americans in payday loan-free states would not be sound public policy, even if it mitigates harms in states where payday lending is now legal.

A strong rule would, at a minimum:

- **Strengthen the enforceability of existing usury laws and other state consumer protections.** The CFPB rule should provide that a violation of state usury or other

consumer protection laws is an unfair, deceptive and abusive act and practice (UDAAP). The rule should provide that payday loans are subject to the law of the state where the borrower resides. And it should establish that those who facilitate illegal loans, including through payment processing, lead generating, and advertising, are engaging in unfair, deceptive, and abusive acts and practices.

- **Require a meaningful “ability to repay” standard without exceptions, and with no safe harbors or legal immunity for poorly underwritten loans.** The CFPB rule should include a strong “ability to repay” requirement for all loans, based on income and expenses. It should not provide any safe harbors. A weak rule, particularly one that allows lenders to make unaffordable loans or that includes a safe harbor, would give payday lenders unwarranted ammunition to knock down existing state protections, as they have been trying to do for years. Rather, the rule should provide that loans that do not meet a meaningful ability to repay standard are per se unfair.
- **Include enforceable protections against abuses by lead generators and other third-party marketing affiliates that sell people’s sensitive personal and financial information to payday lenders.** The sale of this information exposes people already in dire financial straits to risks of fraud and other exploitative business practices.
- **Affirm that state interest rate caps are *the most effective ways to protect people from payday and other predatory, high-cost loans.*** Although the CFPB may not set an interest rate cap, it is critical that states maintain their caps and other consumer protections against abusive high-cost lending.

In addition, the CFPB should require all financial institutions to permit accountholders to close their accounts at any time for any reason, and prohibit financial institutions from charging overdraft fees once the accountholder has requested that the account be closed.

Arkansas has shown that strong, enforceable prohibitions against payday lending constitute sound public policy and clearly benefit the public interest. Financially struggling Arkansas residents have found ways other than abusive, unfair, and predatory payday loans to address their financial needs. Payday lending would, as it has elsewhere where permitted, make these residents worse off, not better.

For these reasons, we urge you to issue a strong rule that in no way undermines Arkansas’ clear ban on payday lending, and that enhances Arkansas’ protections against abusive payday lending practices. Indeed, a strong rule will benefit people everywhere.

Respectfully,

H. C. “Hank” Klein, Founder  
Arkansans Against Abusive Payday Lending  
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Sherwood, Arkansas 72120-5125  
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## **Arkansans Against Abusive Payday Lending – Coalition Partners**

Note: Arkansans Against Abusive Payday Lending (AAAPL) was active from September 2004 until July 2009. In July 2009 we were successful in our mission to rid our state of high-cost payday lending. We disbanded our coalition after the last payday lender left our state on July 31, 2009. The organizations listed below were all a part of our 40 member coalition.

AARP/Arkansas

Air Force Sergeants Association - Chapter 658

Arkansas Advocates for Children and Families

Arkansas Consumer Law Center

Arkansas Education Association

Arkansas Hunger Coalition

Arkansas Interfaith Alliance

Arkansas State Representative David Johnson

Arkansas Trial Lawyers Association

Arnold, Batson, Turner & Turner, Attorney-at-Law

Association for Community Organizations for Reform Now

AFL/CIO

Best Credit Services, Inc.

Better Business Bureau of Arkansas

Central Arkansas Development Council

Clark County Quorum Court Justice of the Peace Wayne Bowen

College Station Community Development Corporation

Community Development Department of the City of Jacksonville

Consumer Credit Counseling Service (CCCS)

Crawford-Sebastian Community Development Council, Inc.

Family Council

Family Service Agency

Family Support on Little Rock Air Force Base (ex officio)

Federal Reserve Bank of Little Rock

Jewish War Veterans of the U.S.A., Arkansas Post 436

Law Offices of Blankenship & Warner

League of Latin American Citizens (LULAC)

Legal Aid of Arkansas, Inc.

Military Officers Association of America (MOAA) - Arkansas Council of Chapters

NAACP/Arkansas

Nicholson Communications

North Little Rock Ministerial Alliance

Private Citizens

Pulaski County Cooperative Extension Service

Silver Haired Legislators Alumni Association (SHLAA)

Springer's of Granite Mountain

United Way - Heart of Arkansas

U.S. Citizens for Fair Credit Card Terms, Inc.

And many Victims

## **Payday Loans in Arkansas Caused Significant Harm**

Here are just a few of the stories of people who sought help from our coalition due to the payday loan trap when it was legal here in Arkansas:

### **Bob from Center Bluff, Arkansas Story -**

Hi, my name is Bob and I live in Center Ridge, Arkansas. I can vividly remember this true to life nightmare. There had been a death in the family and I was having trouble just paying the utilities. I saw a payday lending office and decided why not? I figured that if I could "catch up" the bills, then I could afford to pay off the payday loan about \$10 dollars a month until it was paid.

I went in and needed to provide documents from my bank and my source of income. They required that you have no insufficient funds on your statement. So I got my first payday loan. As I signed the lengthy form, the clerk reminded me that I had to pay the full amount in 2 weeks. It was 3 more weeks to payday, and naively I agreed to this because I thought I could be resourceful with my money and make up the difference.

This was not the case. I pawned most of my belongings to make the difference and when I fell short, I had sought another payday lending company just to pay the first one off. So now I was in debt to two payday lending companies. I had a little money left after paying the bills, so I thought that things would settle down. Payday came around and now I was faced with two more large debts plus my regular monthly expenses.

Thus I became enslaved by these merciless businesses. This continued for many years until I was spending most of the month dealing with over 12 payday lending companies. One would go to pay the other. Some of the debts were big amounts, others were less. I traveled from Knoxville to Russellville to Morrilton to Conway to Batesville to Clinton to Hot Springs to Heber Springs to Searcy every month for years, along with the same group of customers I would see at these stores who were caught in this same debt cycle as I was every month. I finally asked my sister to loan me \$3,200.00 to pay these people off.

Now I have my dignity back, but this nightmare continues for many others. The moral of this story is to **WARN YOUNG AND OLD ALIKE...**do not patronize these businesses, you will be physically, mentally, spiritually challenged and defeated by these businesses. **BEWARE;** remember the story about Adam and Eve and the snake (check cashers).

### **Brandi from Pine Bluff, Arkansas Story -**

My name is Brandi and I live in Pine Bluff, Arkansas. My family was going through a transition and fell into a financial bind. My husband and I decided to get a payday loan in the amount of \$300.

We didn't want to carry out the payments of \$68.00 they set for us because we would've repaid a little over \$800 for a \$300 loan, so my husband made bi-weekly payments in the amount \$100 directly [in store] to the company. A balance of \$180 was paid in full on the 6th week of payments.

The company started saying that we still owed money to them (another \$300) as if they hadn't received any payment(s) from us even though receipts of such had been provided. They started

making attempts to draft the money out of our account until an attorney became involved.

I wouldn't recommend pay day lending to **anyone** because it is indeed a trap. The interest rates are outrageous. Even for those of us who got the loan, repaid the money as scheduled, it's still a trap because the company will only swear they never received funds in an attempt to continue draining your families finances for as long as **they want!**

I would recommend trying any other method of loans aside from payday lending because it **can become a never ending process of trickery and deceit.**

**Chris' from Arkansas Story -**

My name is Chris and I live in Arkansas. One evening my ex-wife called me and advised that a company had called her asking for my contact information telling her that it was concerning a lawsuit.

I contacted the return number which connected me to Southern District Check Processing Center in Aventura, FL. The person I talked to identified herself only as Ms. Cody and told me that they were taking action against me because of a 2011 Internet Payday Loan from some company called JHS Marketing.

Due to a medical emergency during that time, I did have a loan, but did not recall ever having done business with this company. The collection person stated that because the ACH withdrawal was insufficient they were going to file charges against me for bank fraud unless I agreed to make payment arrangements on the account. They offered me \$350.00 to be paid in 15 days and when I told them I could not do this, they told me my only other option to avoid filings with my county would be to pay them \$522.42 within 90 days in bi-weekly payments of \$87.00.

I was shocked and frightened and agreed to this. I gave them my debit card information and they agreed to e-mail me information detailing the debt and agreement. When I had a chance to think about it, I realized that I had made a terrible mistake.

What little paperwork they sent me had a different loan company then the one they quoted. The more I researched the less legal any of this seemed. With the help of [www.StopPaydayPredatorsArkansas.org](http://www.StopPaydayPredatorsArkansas.org) I was able to get the help I needed to get the matter resolved.

These companies feed on the fear and embarrassment of their victims. I have certainly learned a valuable lesson about doing any business with these types of companies.

**Debbie's from north Arkansas Story -**

I am 34 and a single mom who lives in north Arkansas and is well educated. These loans don't only prey on the uneducated like some seem to think!

My story starts with a lot of medical bills and flat tires and a water heater that went out. It became hard for me to balance everything and I thought that a payday loan would get me by until.... RIGHT!!!

It just stirred up more problems and made me very nervous. Once I got one loan it was not long before I needed another loan to try to cover on the first loan, then a third.

Then I found the website for Arkansans Against Abusive Payday (AAAPL). They helped me get in touch with the state and so far two of the loans are no more, they were marked "Paid in Full."

**Eric's from Conway, Arkansas Story -**

My name is Eric and I live in Conway, Arkansas. Our family had a financial emergency. We were in need of money fast, so my wife got a payday loan over the internet for \$300.

After we received it, 2 weeks later the first payment was withdrawn automatically from our checking account. Within two and a half months the loan was repaid plus interest, but the payday loan company continued to withdraw money from our checking account.

They wouldn't stop taking payments on their end even after I asked them to stop. So I had to do a stop payment at my bank. However even after I did the stop payment, they withdrew money from my checking account by making the amount they were withdrawing 2 cents less than the stop payment amount which was a red flag there.

So on a \$300 loan; we have over paid nearly \$250 in interest. What a rip-off!

**Glenda from North Little Rock, Arkansas Story -**

My name is Glenda. I live in North Little Rock, and I am a victim of payday lending. Abusive payday lenders trapped me in a cycle of debt and harassed me when I was unable to pay. If this happened to me, this could happen to you, your family member or someone you know. So, I would like to share my story.

My husband had to retire on disability from his job because of an injury. His salary was cut by more than half. We still had the same bills so I borrowed \$500 from a payday lender to help make ends meet. Instead of solving my problem, it was the beginning of a nightmare. I only received \$462.00 because \$83.16 was for interest on the loan to be paid back in two weeks. When I was unable to pay this back on time, I had to go to another payday lender to get a loan to pay the first payday lender back and this in turn starts the cycle of debt.

When it became impossible to make timely payments, harassment and scare tactics began. Payday lenders call you at your job, call and send letters to your home, or call your boss and put your job at risk. The payday lender issued a credit card to me without my knowledge or consent. The only way I found this out was my husband and I refinanced our home and discovered the past due credit card account on my credit report.

Some payday lenders use very abusive collection methods. Borrowers usually give the payday lender a check as security for the loan. Payday lenders can then threaten to turn your check over for collection. They attempted to cash mine three or four times causing \$30 bank overdraft charges each time on top of the \$25.00 the payday lender charged me for an insufficient check.

My experience with payday lenders had me feeling afraid and humiliated. I personally cannot have my name on our checking account or bank cards because of being afraid they will continue trying to run these checks through. My husband has to handle all the bills and business.

The 1999 Check Cashiers Act protects some payday lenders who charge "fees" which amount to more interest than the Arkansas Constitution allows (17%). I would like lawmakers to protect vulnerable consumers like me by enforcing the state Constitution's limit of 17 percent.

### **Hattie from Little Rock, Arkansas Story -**

My name is Hattie, and I am a victim and survivor of abusive payday lending practices. I am a resident of Little Rock, but I am from Arkadelphia. For many years, I was an employee of UAMS.

My encounter with payday lending occurred in 1999. It was then that my husband had just died after a prolonged illness and my daughter was suffering a serious medical problem. As a result of these circumstances, I found myself facing about \$95,000.00 in unpaid medical bills. I had to file a bankruptcy petition. In addition to the huge medical debt, I found myself needing \$750.00 to repair my automobile.

Before this time, I had been qualified to borrow up to \$3,000.00 from my credit union on nothing more than my signature. I could not do that this time, though, because of the large unpaid indebtedness. I needed my automobile every day, in order to take my grandchildren to and from school everyday and run errands for the family. Because I was unable to get the money to repair the car from any other source, I decided to turn to a payday lending company.

I borrowed \$500.00 from the payday lender and added that amount to the \$250.00 that I had on hand and paid to have my car repaired. As a part of the loan transaction, I left with the payday lender a check for \$575.00, \$500.00 of which was for repayment of the loan principal and the additional amount for what I understood to be the interest on the loan.

That's when I became caught in the quagmire. I did not have the money in the bank when the first pay period ended, so I had to roll the loan over. As I understood things, to refinance the loan it cost me a \$65.00 charge in addition to another \$75.00 interest for the next payroll period. That was an additional \$140.00 to the \$575.00 that I initially owed.

That was also an additional \$140.00 from my already-tight household budget for my daughter, my grandchildren, and myself. At the end of the second payroll period, I was again unable to pay the full amount of the loan. So I had to refinance the loan another time for another \$140.00. So I was even deeper into the debt-trap.

The bottom line is that –as time went by I basically became indebted to the payday lender to the tune of an extra \$280.00 each month based on a single loan of \$500.00. I had no chance of reducing the debt, because the only options that I had with the payday lender were to pay the full amount of the indebtedness or to refinance the loan over and over again.

The situation was a downright nightmare. I was both stressed and depressed as I tried desperately to find a way out of the situation. I could not allow the payday lender to send that check that I had given to the lender to my bank, because I did not have sufficient funds to cover it.

I was in this trap from about mid-June, 1999, until mid-February, 2000. I was very fortunate that my tax refund that year was large enough to allow me finally to pay the payday lender all of the built-up debt. The life of the loan was about 8 months, and I figure that I paid \$2,240.00 in interest and fees on a \$500.00 loan. I figure that my total payment was about \$2,740.00.

I don't want anyone else to suffer what I did with payday lending. I know that sometimes in life people need to be able to borrow a relatively small amount of money from some source whenever they find themselves in financial trouble despite being as responsible as they can be. But I also

know that the astronomical interest and fees charged on payday loan, and the refinance rat-race that comes with them, are definitely not the answer.

**Hazel from North Little Rock, Arkansas Story -**

My name is Hazel and I am presently a resident of North Little Rock. At the time I got involved with payday lenders, I lived in Jacksonville. I am telling my story to help educate other citizens as to the debt trap you can find yourself in after getting a payday loan. I also want to help others better understand just what happens with these lenders. Hopefully others won't fall prey to their lending practices.

I had been temporarily laid off my part-time job which was to pay the expenses for two major events I needed to attend. One was a family reunion of an entire new family I did not know and that I had and had never met. The other was my 40th year high school class reunion of which I had earned the title of "Queen."

I needed approximately \$500.00 to attend both events (registration fees, transportation, lodging, etc.). I had been told I would be going back to work the first of the month so I thought once I went back to work, I could repay the loan. I was eligible to borrow \$300.00 from First American Cash Advance in Jacksonville. The check was written for \$300.00, but I actually received less. I think it was about \$260.00 that I actually received.

When I didn't get back to work as scheduled, I was unable to repay to loan on time. They began harassing me by phone with very intimidating threats about putting me in jail. They began terrorizing me by visits to my home and my neighbor; calls were made to my 84-year old mother and my brother. I'd never had anyone to try to collect a debt in that manner before.

My social security was direct deposited and they would go to my bank as soon as it opened, which was long before the close of business deadline for me to pay my loan. They should have allowed me to present my check for payment. Because they took money from my checking account at the bank that caused my rent and living expenses to run short.

This caused me to have to run and get another payday loan from another store for payment causing my rent and living expenses to run short. Which, in turn, caused me to have to run and get another loan someplace else in order to pay my living expenses. I didn't get back to work when I expected so I was in this vicious cycle of trying to pay them and then remake the loan in order to keep my expenses paid.

I was stressed beyond my limit. I could not reason with them so that's when I contact Mr. Todd Turner, a consumer protection attorney for advice and assistance. I discontinued my direct deposit, and changed my phone number. They would then re-deposit the check over and over again causing astronomical bank fees. They later began sending out credit card applications urging me to accept the card so they could charge the check amount to the credit card.

I was terrified. I began spending the night with friends whenever I got a call from them because I didn't know what they were going to do. It was very humiliating and degrading. I hope my children and grandchild never get mixed up with these people.

I pray that our lawmakers will change the Check Cashers Act that allows payday lenders to charge more interest for loans than the Constitution allows (17%) and keep these predators from preying on the citizens of Arkansas with their unfair practices.

**Katie from Monticello, Arkansas Story -**

My name is Katie and I live in Monticello, Arkansas. I am currently in the process of breaking free from the payday loan cycle. I have been using payday lenders for approximately 10 years. When it first started, it was to take care of an immediate emergency, but over time, these loans became like another paycheck that I had to have to pay my bills, but because of the fees I then had nothing left over.

Over the years I have used income tax returns, work bonuses, and any extra money available to pay all the loans off. I have even taken out personal loans three times, to pay off all the smaller loans. Every time, I promised myself I would never return. It is so demeaning, and you feel stupid for not being able to have a better hold on your finances.

I have been unable at times, to buy groceries, buy gas, take my children to birthday parties, participate in church functions, put my own children's birthday celebrations on hold, etc., just because I had over-committed myself financially to these payday lenders. I would feel empowered when they were paid off, and defeated when I owed every payday lender in my area.

It starts small, because you have an emergency. I am a single parent, so when an emergency came up, there was not any other source to help. I would turn to these services, and before you know it, you are taking out a second loan to pay off the first loan. Another loan to pay off the two, another to pay off three, and so on. Then, you're stuck! I had a friend that was in this cycle with me for years, and we would call these places by loan shark names, because we had to laugh rather than cry when we were drowning.

When I sought help this time, I owed over \$3000 in loans, and did not feel I could hold out one more month. Then, like so many others, I walked into the first one I normally go to, and they warned me if I paid off that loan they wouldn't be able to renew my loan, because of a so called "hold" the attorney general's office was putting on the industry. I found out immediately that it was due to a mandate that the Attorney General's office had sent out earlier this year. If this particular center would not have given me a heads up, then I would be in financial meltdown right now, I know.

This event was my open door, so I went through, and have no intention of going back, and those doors are being closed behind me, so it's making it that much easier. I feel a ton of bricks has been lifted from my shoulders, I am on a budget, and I have an advocate, attorney, and friends that are willing to go through this with me. I cannot tell you what Arkansans Against Abusive Payday Lending has done for me, they threw me a life-preserver, when I felt I was drowning, and saw no way out.

My story is long, and has gone on for years. It is not over, because I am going through the process of waiting to see how all the recommendations from the agencies involved play out, but I don't feel alone and defeated any longer. There is a way out, and there are people who can help. The sooner you break free, the better.

**Keacha from North Little Rock, Arkansas Story -**

My name is Keacha and I live in North Little Rock, Arkansas. I would like to share my story of being a victim of payday lending and the aftermath. It started with a cut in my husband's pay and an increase in bills. I got a payday loan for about \$200, but with fees included I found it difficult to pay back the full amount on my next payday. So the payday lender explained to me that if I just paid the fee, it'll roll over to my next payday. This went on for a while until I needed

more money to make up for the fees I had been paying to the payday lender.

Then I maxed out with a \$500 loan and began paying \$89 in interest. This was hard for me to maintain because it was almost like paying another bill that I could not afford. So, I went to another payday loan company and this is when the cycle began. Before I knew it I was maxed out at every payday loan company in my area that would allow me to get a loan. I found myself on every paycheck on Friday driving around town to each of these payday loan companies just being able to pay the interest and not being able to pay the loan off.

I was neglecting a lot of my other bills struggling to pay the interest on these payday loans. At one point, I was paying almost \$1000 a month towards interest just on payday loans - it was horrible. None of the payday loan companies had any type of payment plans. I felt trapped with no way out. They had complete control over my paycheck because if I didn't pay them, they would cash the check I left with them for the full amount of the loan. It was definitely a bad feeling. I was embarrassed that I had gotten myself in this bind.

Then I came across Arkansans Against Abusive Payday Lending (AAAPL) website and I started reading stories on [www.debtconsolidationcare.com](http://www.debtconsolidationcare.com) of people that were in the same situation as me. I didn't feel so alone anymore. I decided to take control of my paycheck again. It wasn't an easy journey but I made it. I closed my account that I had for 10 years. I told the payday loan companies what I could pay. I got threatening phone calls saying they would take me to court or report me to Sherwood courts for bad checks. I got post cards saying they were going to send me to a collection agency.

It was awful but finally I felt like I was in control. The Arkansas Attorney General's office was at that time working hard to shut many of these payday lenders down, so a lot of my loans were forgiven. I had been in this cycle for 3 years. I had paid those loans off 3 times over in the interest I paid them alone. So when the payday loan companies shut down, I felt free and I was so happy. I was happy that nobody else had to endure the abuse that I and many others had to go through. I said I would never go to another payday lender again.

Ever since the payday lenders in Arkansas have been shut down, I have found it easier to budget my money. If I get into a bind and an emergency comes up, I have asked my parents or close relatives for the money. I found it easier to pay them back. I would suggest that if you did not have any family to turn to, ask a friend, your church, or have a garage sale, anything other than going to a payday lender. Payday loans are a trap to keep taking your money and putting you further and further in debt. They do not have your best interest at heart.

I am able to rest better at night and I have a peace of mind knowing that the payday lenders in Arkansas are no more and I hope that more states join in the fight to stop these predators.

#### **Larry from Arkansas Story -**

My name is Larry, I live in Arkansas and I am disabled and on Social Security. I had a heart bypass on 7 arteries. I was so in debt medically I needed money for medicines. I had no family to go to so I went to the internet to get a quick cash loan for \$500.

They approved it in an hour even though my credit was awful and I was on Social Security. They transferred the money into my bank account and I paid for a while but I could not afford to after a while because the interest was over 300% of the loan. I stopped the direct deposit to my bank and had to change to another bank.

Now 3 years later someone has bought the loan from the lender and is calling me threatening to prosecute me for fraud if I don't pay them over \$3000. This is not helping my heart condition.  
(*Editor's note – We referred Larry to the Arkansas Attorney General's office for free assistance*)

**Leiah from Little Rock, Arkansas Story -**

Hello, my name is Leiah and I live in Little Rock, AR. I needed money and I needed it fast, I was desperate. It was the holidays and I had more bills than money, it was at this time, I recalled emails that were often sent to me, usually entitled, "Do You Need Money." I did a search online and found so many companies that would give money overnight it was alarming – so I took out my first small \$250.00 Internet payday loan.

After that I had people calling me (they do still to this day) practically begging me to take the loan and where I did not qualify, they would "work around" that issue so that I could get the money, even if it meant them telling lies. Before I realized, I had went from obtaining one small \$250.00 dollar loan to have five and six loans at one time, two of my \$300.00 loans cost me \$90.00 every two weeks. I was now in financial crisis.

I was embarrassed, and I felt as if I was drowning. It was so depressing to receive my paycheck and it only place my account back in the negative; thus leading to me get another loan just to make it to the next pay period. I was lost; until I ran across the website for Arkansans Against Abusive Payday Lending (AAAPL), which saved me.

I received immediate help; I was put into contact with state officials who were on my side, who were actively trying to help Arkansans. I realized that I was a victim and there was help, I no longer had to be helpless; and furthermore, I realized that I was not alone.

After filing my complaints with the Attorney General's office and closing my bank accounts, I received immediate relief. I feel empowered, because I now know my rights. I cannot thank AAAPL enough for saving me from payday lending! If you have a loan with a payday lender, no matter how big or small, you are not alone, the days of you paying 5x your debt are now over, we are protected. Do not take being a VICTIM any longer, reclaim your life and your finances and contact AAAPL (Arkansans Against Abusive Payday Lending) - I did and it was the BEST email I ever sent!

**Mary from Lamar, Arkansas Story -**

My name is Mary and I live in Lamar, Arkansas. My family fell into a financial bind and I decided to get a payday loan in the amount of \$300. I ended up paying a total of \$500. My payments were taken out of my checking account automatically by the payday lenders. The payments only covered the finance charge and not the loan. I finally decided to pay them in full. I had no problems from that lender. My bill was paid in full. However that left my family in another bind with not enough money to live on so we had to get another loan from another payday lender.

I did not notice until my first payment that the finance charge almost doubled this time around. I tried calling the company but could never get a hold of anyone. I left numerous messages and never was called back. I had to close out my checking account to avoid more payments being taken out.

I wouldn't recommend payday lending to **anyone** because it is indeed a trap. The interest rates are outrageous and you will end up paying triple the amount you borrowed.

September 26, 2016

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

FederalRegisterComments@cfpb.gov

Re: Arizonans for Responsible Lending Coalition Comments on Proposed Rule-making on Payday, Vehicle Title, and Certain High-cost Installment Loans

Docket Number CFPB-2016-0025 or RIN 3170-AA40

Dear Director Cordray:

We file this comment in response to the Consumer Financial Protection Bureau's ("CFPB") proposed rule on payday, vehicle title, and certain high cost installment loans. Thank you for the opportunity to submit comments on this important issue. The rule must be strengthened to ensure that a weak rule does not undermine Arizona's small loan law while simultaneously putting an end to the debt trap once and for all.

We are writing on behalf of the Arizona organizations listed below, which include military and veterans associations, faith organizations, child and family organizations, affordable housing organizations, domestic violence organizations, civil rights and labor leaders, and many others. This coalition has been working together on the issue of predatory small loan lending here in Arizona for the past fifteen years. This coalition has remained steadfast in its purpose calling upon regulators and decision makers at all levels of government to rein in abusive debt trap lending practices and ensure fair, transparent, safe and affordable credit is made available to low income working families throughout our state.

Your proposed rule includes a number of important provisions. It operates as a floor and not a ceiling by not preempting stronger state laws. It focuses on the debt trap and a strong ability-to-repay standard. And it includes a number of provisions to prevent lenders from evading the rule.

Despite these strengths, we are deeply concerned that weaknesses and loopholes in the proposed rule sanction dangerous loan products and will not stop the debt trap.

Indeed we have already seen this past legislative session attempts by the payday lending industry to circumvent your proposed rules by introducing a “flex loan” bill which would have allowed payday lenders to re-enter the Arizona market. This is bad for Arizona and bad for every other state in the country. If these weaknesses and loopholes are not closed, your final rule will threaten our hard won consumer protections. A weak rule will lend undeserved legitimacy to predatory products and practices and open the door once again for payday lenders to operate with impunity in our state.

We cannot afford to have this happen. We know that Arizonans are far better off without payday lenders and Arizona voters agreed by a 2 to 1 margin in 2008 when they voted against a payday initiative. We continue to fight other high-cost lending such as auto title lending in our state and are counting on a strong rule that will ensure Arizona consumers have adequate protections from the payday and auto title debt trap.

### **The fight against payday lending in Arizona**

Traditional payday lending terminated in Arizona in July 2010 when the authorizing law for single-payment check-based lending expired. This issue was the subject of intense lobbying from the payday loan industry throughout the past decade. In addition to lobbying legislators to broaden payday lending in the state, the industry introduced a ballot measure in 2008 (Proposition 200) to remain operational in Arizona. Despite these efforts, voters overwhelmingly rejected the industry's ballot initiative by a 2 to 1 margin, and the Arizona Legislature refused to extend a lifeline to the payday loan industry. Every year since the payday lender's defeat at the ballot box the industry has introduced and lobbied for favorable state legislation. Each year our coalition and many other ordinary Arizonans have put forth information and provided testimony refuting the industry arguments. We as a coalition are looking to the CFPB to provide the strongest rule possible in order to protect Arizona's vulnerable consumers now and into the future.

### **The proposed rule includes important provisions**

CFPB's proposed rule includes a number of important provisions. The proposed rule:

- Operates as a floor rather than a ceiling. It does not preempt state laws, like ours in Arizona, that offer stronger protections against traditional payday lending;
- Focuses on preventing the debt trap, the most abusive aspect of high-cost lending;

- Includes a strong ability-to-repay standard, based on income and expenses, a long standing principle of responsible lending; and
- Includes a number of provisions to prevent lenders from evading the rule, including:
  - A broad scope of covered products (long-term and short-term, open end and closed end, balloon payment, installment loans and combinations of the two – which will help with some of the ongoing title and registration lending issues we see here in Arizona),
  - Strong anti-evasion language, and
  - An “all-in” APR definition, to capture high fees and high interest and ancillary products.

We are pleased that one loophole included in the CFPB’s preliminary outline has already been closed; an exemption from the proposed ability-to-repay test, if loan payments are less than 5% of a borrower's income. Examining income only is not enough to determine if a loan is affordable.

### **A weak rule would jeopardize Arizona’s small loan law**

We appreciate the Bureau’s efforts to curb predatory payday lending by crafting the first-ever federal payday lending rules. Strong interest rate caps are the best way to regulate high-cost lending. Since the CFPB is prohibited by statute from setting a rate cap, it is extremely important that we protect and maintain Arizona’s small loan law which caps interest rates on small loans at 36% per annum.

Though your final rule would not preempt our stronger state rate cap, weaknesses in your final rule would present a direct threat to our state consumer protections by lending undeserved legitimacy to predatory products and practices. Payday lenders would argue that Arizona should conform to this new “national model”, attempting to roll back our hard won protections against payday lending.

**We are very concerned that weaknesses in the CFPB’s proposed rule will sanction dangerous loan products and will not stop the debt trap.**

We ask that the CFPB's final rule build on, rather than undermine our strong state protections and strengthen our ability to enforce our state law against lenders making illegal loans. At a minimum, CFPB must:

- Reaffirm the importance of state rate caps;
- Make it an unfair, deceptive, and abusive practice (federal UDAAP violation) to offer or make loans that violate state interest caps and other state protections; and
- Make it a federal UDAAP violation to facilitate illegal loans through payment processing, lead generating, and advertising.

**We also ask the CFPB to close loopholes that undermine the ability-to-repay standard and specifically:**

- **Require an ability-to-repay determination on every loan, with no exceptions.** Since the CFPB cannot set a rate cap, a strong ability-to-repay test is critically important. This basic principle though must be applied to every loan – with no exceptions and no room for future evasion. As currently written, the proposed rule contains dangerous loopholes. For example, the proposal allows six 400% payday loans a year without any consideration of ability-to-repay, six unaffordable loans too many. The rule also exempts longer-term payday loans with high origination fees from the ability-to-repay test. These loopholes must be closed.
- **Close the “business as usual” loophole.** The proposed rule must be strengthened to ensure that people have enough money to live on after paying back the loan. The rule falls short by allowing lenders to simply continue “business as usual” making loans to borrowers who cannot afford the loan but have not defaulted in the past. Low default rates are not evidence of ability to repay, since lenders hold a super lien against the borrower's checking account (with a post-dated check) or car title.
- **Strengthen protections against flipping, particularly for long-term loans.** The proposed rule does not go far enough to stop borrowers from flipping from one unaffordable loan to the next. The CFPB should do more to ensure that short-term debt does not become unaffordable long-term debt. It is critically important to strengthen the protections against repeatedly refinancing longer-term loans, allowing debt to pile up and borrowers to continue to be stuck in a debt trap.

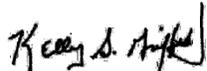
The Honorable Richard Corday  
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- **Cover all loans that give lenders extra leverage to collect their payments**, such as loans with a super lien against the borrower's checking account, secured by personal property, or with a right to garnish wages.

The best way to address abusive payday, car title, and other forms of predatory high-cost lending is to put an end to these practices once and for all. Here in Arizona we have put an end to payday lending but we still have more work to do to put an end to other abusive high cost lending schemes such as auto title lending. We continue to support a federal Congressional usury limit and to support our counterparts in every state who fight to make, or keep, their state free from these abusive loans.

Arizonans strongly oppose payday and all other forms of high-cost lending. Please do not allow a weak federal rule to usher in a new wave of predatory lending in Arizona and other states where payday lending is illegal.

Respectfully,



Kelly Griffith, on behalf of

Kelly Griffith, Center for Economic Integrity

Diane Brown, Arizona P.I.R.G.

Josh Oehler, Children's Action Alliance

James J. McLaughlin, UFCW 99

Samuel Richard, Protecting Arizona's Families Coalition (PAFCO)

Arizona House Representative, Debbie McCune-Davis

Ken Briggs, United Way of Tucson and Southern Arizona

Peggy Hutchison, Primavera Foundation

Sarah Michelsen, Arizona Wins

Laura Jasso, Southern Arizona Grandparent Ambassadors

The Honorable Richard Corday  
September 15, 2016  
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Tamera Zivic, PhD, World Hunger Education, Advocacy & Training (WHEAT)

Lee Lange, Southwest Veterans Chamber of Commerce

Lena Fowler, Chair, Coconino County Board of Supervisors

Ellen Katz, William E. Morris Institute for Justice

Eric Schindler, Child and Family Resources

Cynthia Zwick, Arizona Community Action Association

Malissa Buzan, Gila County Community Services

Mary Lou Rosales, Community Action Human Services Agency

Robin Romero, HSS III Division of Developmental Disabilities

Allie Bones, Arizona Coalition to End Domestic Violence

Aaron Cooper, International Sonoran Desert Alliance

October 7, 2016

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

Re: Connecticut nonprofit organizations' comments on proposed rulemaking on payday, auto title, and certain high-cost installment loans

Docket number CFPB-2016-0025 or RIN 3170-AA40

Dear Director Cordray:

Thank you for the opportunity to submit comments on the CFPB's proposed rule on payday, vehicle title, and certain high-cost installment loans. The undersigned organizations and individuals represent advocates for consumers, students, lower-income children, families, and individuals, working throughout the state of Connecticut, where payday lending is effectively prohibited by state law. We believe we have an especially relevant perspective to share. Our experience clearly demonstrates that people are better off without payday and car title lending, and the best way to address abusive payday lending, as well as other forms of predatory high-cost lending, is to put an end to it once and for all.

However, weaknesses in the proposed rule, including loopholes and out-right exemptions, would not stop the debt trap and effectively sanction high-cost loans that are illegal in our state. While we know that your final rule would not override our stronger state laws, we call on the CFPB to issue a strong final rule that does not undermine Connecticut's usury and other consumer protection laws. Indeed, we urge you to set a high bar for the entire country and issue a rule that enhances our existing protections by issuing the strongest possible rule that will truly end the payday loan debt trap.

The payday lending industry has thrived in states where it is allowed because so many people do not have sufficient income to cover their basic living expenses. The last thing struggling people need are predatory, high-cost loans that dig them into an even deeper hole — precisely what happens now in states that permit payday lending. Many Connecticut residents are in financial distress, regularly struggling to make ends meet or finding themselves unable to deal with financial emergencies. The fact that Connecticut does not have payday or car title lending has proven critical to protecting a significant portion of our population from financial exploitation. Where payday lending is legally permitted, the industry has targeted black and Latino communities, draining hundreds of millions of dollars and perpetuating the racial wealth gap in the U.S.

We consider ourselves extremely fortunate to live and work in a state that protects its residents from the harms of predatory payday lending. Connecticut has never legalized high-cost debt trap products. Keeping payday and car title lending out of the state has provided significant benefits to Connecticut residents, local communities, and the state economy at large. For

example, each year our state's usury law saves Connecticut residents approximately \$134 million that they would otherwise spend on fees for unaffordable payday and car title loans.<sup>1</sup> This money saved is money that is used to pay basic living expenses, could be used for asset building, and is money that is otherwise kept within our state and not extracted from our communities.

While Connecticut's strong usury laws have proven effective at keeping predatory payday and car title lenders from operating legally within our borders, the state is not immune to attempts by online lenders and others to offer high-cost, small-dollar loans. In recent years, our state Department of Banking has brought multiple enforcement actions against out-of-state companies that offered high-cost small dollar loans to residents in the state over the Internet.<sup>2</sup> However, some of these lenders claim that they do not need to comply with our state's laws.<sup>3</sup>

We are well aware that the CFPB may not set interest rates, but the agency can and should use its full authority to take strong action. Absent strong federal action, stopping payday lending, including payday installment lending, will continue to be a game of whack-a-mole.

The proposed rule contains a long list of loopholes and exceptions that raise major concerns for our organizations. However, we appreciate that one of the loopholes that was in an earlier version of the rule is not in the proposed rule. This loophole would have exempted certain longer-term loans from the ability-to-repay requirement if the loan payment did not exceed 5% of a borrower's income. Considering income alone, without looking at expenses, is not enough to determine if a loan is affordable. We hope this loophole remains excluded from the final rule.

We are extremely concerned that weaknesses in the CFPB's proposed rule sanction dangerous loan products and will not stop the debt trap. We strongly urge the CFPB, at a minimum, to:

- **Require a meaningful "ability to repay" standard that applies to all loans, without exceptions and with no safe harbors or legal immunity for poorly underwritten loans.** The "ability to repay" provision should require consideration of both income and expenses, and state that loans that do not meet a meaningful ability-to-repay standard are *per se* illegal. A weak CFPB rule that allows lenders to make unaffordable loans or that includes a safe harbor would not only allow for continued exploitation of people struggling to make ends meet, it would also give payday lenders unwarranted ammunition to enter states like Connecticut, whether by attempting to seek legislative changes to weaken our state's law or by offering loans that are illegal in our state but nonetheless comply with the federal rule.

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<sup>1</sup> Center for Responsible Lending, "States without Payday and Car-title Lending Save \$5 Billion in Fees Annually," 2016, [http://www.responsiblelending.org/sites/default/files/nodes/files/research-publication/crl\\_payday\\_fee\\_savings\\_jun2016.pdf](http://www.responsiblelending.org/sites/default/files/nodes/files/research-publication/crl_payday_fee_savings_jun2016.pdf).

<sup>2</sup> See, e.g., Consent Order, *In the Matter of: Fidelity One Credit, Corp.* (Jan. 15, 2015), <http://www.ct.gov/dob/cwp/view.asp?a=2246&q=559474>; Modification of Findings of Fact, Conclusions of Law and Order and Consent Order, *In the Matter of: CashCall, Inc., et al*, (Apr. 2, 2014), <http://www.ct.gov/dob/cwp/view.asp?a=2246&q=543054>;

<sup>3</sup> See, e.g., Commissioner's Ruling on Motion to Dismiss, *In the Matter of: Great Plains Lending, LLC et al* (Jan. 6, 2015), [http://www.ct.gov/dob/lib/dob/legal\\_nonhtml/great\\_plains\\_lending\\_01-06-15.pdf](http://www.ct.gov/dob/lib/dob/legal_nonhtml/great_plains_lending_01-06-15.pdf).

- **Strengthen the enforceability of strong state consumer protection laws, by providing that offering, making, facilitating, servicing, or collecting loans that violate state usury or other consumer protection laws is an unfair, deceptive, and abusive act or practice (UDAAP) under federal law.** The CFPB’s success in deploying its UDAAP authority against payday lenders such as CashCall – which a federal court recently found had engaged in UDAAPs by servicing and collecting on loans that were void or uncollectible under state law, and which the borrowers therefore did not owe – as well as against debt collectors, payment processors, and lead generators, provides a strong legal foundation for including this explicit determination in its payday lending rule. By doing so, the CFPB will help ensure the viability and enforceability of the laws that currently protect people in payday loan-free states from illegal lending. At the very least, the CFPB should provide, in accordance with the court’s decision against CashCall, that servicing or collecting on loans that are void or uncollectible under state law are UDAAPs under federal law.

We are deeply concerned that weaknesses in the proposed rule will inevitably be seen as sanctioning high-cost loans that are illegal in Connecticut. We ask that you close the remaining loopholes and issue the strongest rule possible to stop the harmful debt trap of unaffordable payday and car title loans. Unless these loopholes are closed, we are extremely concerned that your final rule will not stop the debt trap in states where these loans are still legal and will inevitably be seen as sanctioning high-cost loans that are illegal in Connecticut.

Families in our state—and everywhere—are better off without these high-cost, unaffordable loans. We urge the CFPB to issue the strongest possible rule, without loopholes.

Please contact Jim Horan at the Connecticut Association for Human Services, [jhoran@cahs.org](mailto:jhoran@cahs.org), (860) 951-2212, ext. 235, if you have any questions.

Sincerely,

Connecticut Association for Human Services  
Bridgeport Child Advocacy Coalition  
Connecticut Alliance for Basic Human Needs  
Connecticut Appleseed  
Connecticut Citizen Action Group  
Connecticut Legal Services  
Connecticut Public Interest Research Group  
National Association of Consumer Advocates, Connecticut Chapter  
New Haven Legal Assistance Association  
Rosa Carrero  
Dawn Hebert  
JP Hernandez  
Katrina Jones  
Elizabeth Morgan



20 Linden Street, Suite 288; Allston MA 02134  
Ph. 617.787.9804 • Fx. 617.787.0425 • [www.MassAssets.org](http://www.MassAssets.org) • @MidasCollab

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

# COMMENT LETTER FROM NEW YORK

October 7, 2016

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

Re: Proposed rulemaking on payday, auto title, and certain high-cost installment loans Docket number CFPB-2016-0025 or RIN 3170-AA40

Dear Director Cordray:

We, the 131 signatories to this letter, represent a diverse cross-section of elected officials, government, labor, grassroots organizing, civil rights, legal services, faith-based and other community organizations, as well as community development financial institutions. We respectfully request that the CFPB count this letter as 131 comments.

Together, we urge you to issue a strong payday lending rule that ends the payday loan debt trap. As the CFPB prepares to issue a final rule to address payday lending nationally, we urge you not to undermine our state's longstanding civil and criminal usury laws. Indeed, we urge you to issue a rule that enhances our existing protections.

As the CFPB undoubtedly recognizes, a list of signatories of this magnitude and breadth is not to be taken lightly. This letter reflects the position of more than 38 state and local elected officials, the NYC Department of Consumer Affairs, the Progressive Caucus of the NYC Council – as well as 92 organizations that represent a broad spectrum of communities, perspectives, and constituents. We are concerned that the CFPB is poised to issue a weak rule that would not only set a low bar for the entire country, but that would also directly undermine our state's longstanding ban on payday lending.

As New Yorkers, we believe we have an especially relevant perspective to share. More than 90 million Americans – nearly a third of the country – live in states like New York where payday lending is illegal. Our experience clearly demonstrates that: (1) people are way better off without payday lending; and (2) the best way to address abusive payday lending, as well as other forms of predatory high-cost lending, is to put an end to it once and for all.

As proposed, the CFPB's payday lending rule is filled with loopholes and would effectively sanction high-cost loans that are illegal in our state and many other jurisdictions in the country. We call on the CFPB to issue a strong final rule that does not undermine New York's longstanding usury and other consumer protection laws. We urge you to set a high bar for the entire country and issue a rule that enhances, and does not undermine, our existing protections. We call on the CFPB to use its full authority to issue the strongest possible final rule that will truly end the payday loan debt trap.

The payday lending industry has thrived because so many people in our country do not have sufficient income to cover their basic living expenses. The last thing struggling people need are predatory, high-cost loans that dig them into an even deeper hole — precisely what happens now in states that permit payday lending. Indeed, many New Yorkers are in financial distress, struggling to make ends meet from paycheck to paycheck (or government benefits check to government benefits check), and the fact that we do not permit payday lending here has proven vital to protecting a huge segment of the population from financial exploitation. Where payday lending is legally permitted, the industry has targeted black and Latino communities, draining hundreds of millions of dollars and perpetuating the racial wealth gap in the U.S.

In short, we consider ourselves extremely fortunate to live and work in a state that bans payday lending. Our centuries-old usury law makes it a felony to charge more than 25 percent interest on a loan. Keeping payday lending out of New York has provided vast benefits to New Yorkers, local communities and the state economy at large. Each year, for example, our state's usury law saves New Yorkers approximately \$790 million that they would otherwise spend on fees for unaffordable payday and car title loans.<sup>1</sup>

Despite these clear advantages, payday lenders have for many years attempted to crack open our usury law and make predatory high-cost lending legal in our state. Seeing an untapped, lucrative market they could exploit in New York, the payday lending and check cashing trade groups have repeatedly pushed our state legislature to legalize high-cost payday and other forms of harmful lending. Time and again, these efforts have pitted the public interest against predatory lending interests, leading to ugly battles between community groups and industry, and draining massive public resources in the process. Fortunately, we have successfully beat back these attempts to gut our usury law, thanks in large measure to effective advocacy by a broad coalition of community, labor, and civil rights groups, which has ensured that payday lending remains illegal in our state.

We are well aware that the CFPB may not set interest rates, but the agency can and should use its full authority to take strong action. Absent strong federal action, stopping payday lending, including payday installment lending, will continue to be a game of whack-a-mole.

We are extremely concerned that a weak CFPB rule will play right into the hands of the payday lending industry, providing it with ammunition needed to defeat strong laws like we have in New

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<sup>1</sup> Center for Responsible Lending, "States without Payday and Car-title Lending Save \$5 Billion in Fees Annually," 2016, [http://www.responsiblelending.org/sites/default/files/nodes/files/research-publication/crl\\_payday\\_fee\\_savings\\_jun2016.pdf](http://www.responsiblelending.org/sites/default/files/nodes/files/research-publication/crl_payday_fee_savings_jun2016.pdf)

York. Indeed, in Pennsylvania and Georgia, the payday lending lobby has reportedly used the CFPB's 2015 blueprint for the rule, suggesting to state legislators that the CFPB has given its stamp of approval to high-cost payday and payday-like loans.

The proposed rule contains a long list of loopholes and exceptions that raise major concerns for our organization. We strongly urge the CFPB, at a minimum, to:

- **Require a meaningful “ability to repay” standard that applies to all loans, without exceptions and with no safe harbors or legal immunity for poorly underwritten loans.** The “ability to repay” provision should require consideration of both income and expenses, and state that loans that do not meet a meaningful ability to repay standard are per se unfair, unsafe, and unsound. A weak CFPB rule that allows lenders to make unaffordable loans or that includes a safe harbor would not only allow for continued exploitation of people struggling to make ends meet. It would also give payday lenders unwarranted ammunition to knock down existing state protections, as they have been aggressively seeking to do for years.
- **Strengthen the enforceability of strong state consumer protection laws, by providing that offering, making, facilitating, servicing, or collecting loans that violate state usury or other consumer protection laws is an unfair, deceptive, and abusive act or practice (UDAAP) under federal law.** The CFPB's success in deploying its UDAAP authority against payday lenders such as CashCall – which a federal court recently found had engaged in UDAAPs by servicing and collecting on loans that were void or uncollectible under state law, and which the borrowers therefore did not owe – as well as against debt collectors, payment processors, and lead generators, provides a strong legal foundation for including this explicit determination in its payday lending rule. By doing so, the CFPB will help ensure the viability and enforceability of the laws that currently protect people in payday loan-free states from illegal lending. At the very least, the CFPB should provide, in accordance with the court's decision against CashCall, that servicing or collecting on loans that are void or uncollectible under state law are UDAAPs under federal law.

We are deeply concerned that weaknesses in the proposed rule will inevitably be seen as sanctioning high-cost loans that are illegal in New York. A rule that undercuts laws that protect tens of millions of Americans in payday loan-free states does not, in our view, constitute sound public policy-making, even if the rule mitigates some of the harms caused by payday lending in states where it is now legal. Many groups are referring to the proposed rule as addressing the worst abuses of payday lending. Given the agency's clear mandate, and given all we know about payday lending, why isn't the CFPB seeking to address all of the abuses of payday lending?

Families in our state—and everywhere—are better off without these high-cost, unaffordable loans. We urge the CFPB to issue the strongest possible rule, without loopholes.

Sincerely,

ELECTED OFFICIALS:

NYS Senator Leroy Comrie  
NYS Senator Brad Hoylman  
NYS Senator Liz Krueger  
NYS Senator Velmanette Montgomery  
NYS Senator Gustavo Rivera  
NYS Senator James Sanders, Jr.  
NYS Senator Daniel Squadron

NYS Assemblymember Charles Barron  
NYS Assemblymember Jeffrey Dinowitz  
NYS Assemblymember Daniel O'Donnell  
NYS Assemblymember Linda B. Rosenthal

NYC Council Progressive Caucus  
Manhattan Borough President Gale A. Brewer

NYC Council Member Inez Barron  
NYC Council Member Andrew Cohen  
NYC Council Member Rafael L. Espinal, Jr.  
NYC Council Member Julissa Ferreras-Copeland  
NYC Council Member Daniel R. Garodnick  
NYC Council Member Vanessa Gibson  
NYC Council Member Ben Kallos  
NYC Council Member Andy King  
NYC Council Member Peter Koo  
NYC Council Member Rory I. Lancman  
NYC Council Member Brad S. Lander  
NYC Council Member Stephen Levin  
NYC Council Member Mark Levine  
NYC Council Member Alan Maisel  
NYC Council Member Carlos Menchaca  
NYC Council Member Rosie Mendez  
NYC Council Member I. Daneek Miller  
NYC Council Member Annabel Palma  
NYC Council Member Antonio Reynoso  
NYC Council Member Donovan Richards  
NYC Council Member Ydanis Rodriguez  
NYC Council Member Debi Rose  
NYC Council Member Helen Rosenthal  
NYC Council Member Ritchie Torres  
NYC Council Member Paul A. Vallone

GOVERNMENT AGENCY:

NYC Department of Consumer Affairs

ORGANIZATIONS:

Affordable Housing Partnership  
Anti-Discrimination Center  
Association for Neighborhood and Housing Development  
Bronx Legal Services  
Brooklyn Coop Federal Credit Union  
Brooklyn Legal Services  
Brooklyn Legal Services Corporation A  
Brooklyn-Wide Interagency Council of the Aging, Inc. Educational Fund  
Buffalo Urban League  
Business Center for New Americans  
CAMBA Legal Services  
Center for NYC Neighborhoods  
Central New York Citizens in Action  
Chhaya CDC  
Common Cause New York  
Community Development Corporation of Long Island  
Consumers Union  
Cultural Renaissance for Economic Revitalization  
CWA District 1  
DC 37 Municipal Employees Legal Services  
Dēmos  
DRUM - Desis Rising Up & Moving  
Ellicott District Community Development, Inc.  
Empire Justice Center  
Erasmus Neighborhood Federation  
Fifth Avenue Committee  
First American International Bank  
Fordham Law School Feerick Center for Social Justice  
Foreclosure Resisters, Inc.  
Genesee Cooperative Federal Credit Union  
Good Old Lower East Side (GOLES)  
Grow Brooklyn  
Habitat for Humanity New York City  
Hebrew Free Loan Society  
Housing and Family Services of Greater New York, Inc.  
Housing Court Answers  
Housing Help, Inc.  
Human Development Services of Westchester  
IMPACCT Brooklyn  
JASA/Legal Services for the Elderly  
La Fuerza Unida CDC

LatinoJustice PRLDEF  
Legal Services for the Elderly, Disabled or Disadvantaged of WNY  
Legal Services NYC  
LISC New York City  
Long Island Housing Services, Inc.  
Lower East Side People's Federal Credit Union  
Manhattan Legal Services  
Margert Community Corporation  
MFY Legal Services, Inc.  
National Center for Law and Economic Justice  
Neighborhood Trust Financial Partners  
Neighbors Helping Neighbors, Inc.  
New Economy Project  
New York Communities for Change  
New York Legal Assistance Group  
New York Public Interest Research Group (NYPIRG)  
New York Statewide Senior Action Council, Inc.  
NYS CDFI Coalition  
PathStone Enterprise Center  
Picture the Homeless  
PUSH Buffalo  
Queens Legal Services  
Rensselaer County Housing Resources, Inc.  
Restaurant Opportunities Center of New York  
Retail, Wholesale and Department Store Union (RWDSU)  
Rockland Housing Action Coalition  
SEIU 32BJ  
Sojourner House  
Staten Island Legal Services  
Syracuse Cooperative Federal Credit Union  
Syracuse United Neighbors  
Securities Arbitration and Consumer Law Clinic, Syracuse University College of Law  
Teamsters Local 237  
The Coalition for Debtor Education  
The Financial Clinic  
The Legal Aid Society  
The SC Group  
The Working World  
Tompkins County (NY) Workers' Center  
Troy Rehabilitation and Improvement Program  
UAW Local 2320  
University Neighborhood Housing Program  
Urban Homesteading Assistance Board  
VOCAL-NY  
Washington Heights and Inwood Development Corporation

West Harlem Group Assistance, Inc.  
Westchester Residential Opportunities, Inc.  
Western New York Council on Occupational Safety and Health  
Western New York Law Center  
Western New York Worker Center  
Westminster Economic Development Initiative, Inc. (WEDI)

October 7, 2016

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

Re: NC Coalition comments on proposed rulemaking on payday, vehicle title, and certain high-cost installment loans

Docket number CFPB-2016-0025 or RIN 3170-AA40

Dear Director Cordray:

We file this comment in response to the Consumer Financial Protection Bureau's proposed rule on payday, vehicle title, and certain high cost installment loans. Thank you for the opportunity to submit comments on this important issue. The rule must be strengthened to ensure that a weak rule does not undermine the strong combination of laws that has long been enacted in North Carolina.

We are writing on behalf of the 171 North Carolina organizations listed below, which include military and veterans associations, faith organizations, housing and credit counseling agencies, affordable housing organizations, legal service providers, civil rights, seniors and labor leaders, and many others.

Your proposed rule includes a number of important provisions. It operates as a floor and not a ceiling by not preempting stronger state laws. It focuses on the debt trap and a strong ability-to-repay standard. And it includes a number of provisions to prevent lenders from evading the rule.

Despite these strengths, we are deeply concerned that weaknesses and loopholes in the proposed rule sanction dangerous loan products and will not stop the debt trap. This is bad for North Carolina and bad for every other state in the country. If these weaknesses and loopholes are not closed, your final rule will threaten our state consumer protections by lending undeserved legitimacy to predatory products and practices. Payday lenders desperately want to re-enter the North Carolina market and a weak national rule could provide the ammunition they need in their long-standing fight to overturn our state laws.

We cannot afford to have this happen. We know that North Carolinians are far better off without payday and will continue to fight to keep all forms of high-cost lending out of our state.

### **The fight against payday lending in North Carolina**

North Carolina has a unique payday lending story. North Carolina was the first state to:

- Roll back a once legal payday industry,
- Litigate the rent-a-bank model, and
- Force a bank to drop its bank payday loan product.

We have included this story in detail in Appendix A to illustrate how strongly we believe that payday lending causes tremendous harm to borrowers and their families; how hard we have worked to keep all forms of high-cost lending out of our state; how hard the industry has fought, and will continue to fight, to bring it back; and the significance of the CFPB's actions to the future of our strong state protections.

Payday lending was legal in North Carolina for only four years, from 1997 to 2001. By 2000, 10% of the payday loan storefronts in the country were in our state, with heavy concentrations in neighborhoods of

color and around military bases. In 2001, the North Carolina General Assembly allowed the authorization for payday lending to sunset, making payday loans illegal here again, though it took five more years to successfully enforce our rate cap. By summer 2006, all payday shops had left our state.

In 2012, our North Carolina coalition moved quickly to oppose Regions Bank who was making bank payday loans here. They dropped their bank payday product in our state in January 2013. In addition, car title lending has never been legal in our state.

During most years since the payday law sunset in 2001, lenders have mounted aggressive lobbying campaigns to re-authorize payday lending in North Carolina. With tremendous work, we have held the line against payday, car title and other forms of high-cost lending.

Payday loans caused tremendous harm during the nine years that payday lenders operated in our state, legally and illegally. Having seen the devastating impact of the payday debt trap over this period, North Carolinians strongly oppose payday lending. Hundreds of organizations (and thousands of individuals) have been part of this fight to keep payday lenders out of our state. We will continue this fight because we understand first-hand the harm caused by payday lending and the high stakes if payday lenders return to North Carolina.

### **A weak rule would jeopardize our North Carolina interest rate cap**

We appreciate the Bureau's efforts to curb predatory payday lending by crafting the first-ever federal payday lending rules. Strong interest rate caps are the best way to regulate high-cost lending. Since the Consumer Financial Protection Bureau (CFPB) is prohibited by statute from setting a rate cap, it is extremely important that we protect and maintain our North Carolina rate cap and other state lending protections.

Though your final rule would not preempt our stronger state rate cap, weaknesses in your final rule would present a direct threat to our state consumer protections by lending undeserved legitimacy to predatory products and practices. Payday lenders would argue that North Carolina should conform to this new "national model," attempting to roll back our strong North Carolina protections against payday and other forms of high-cost lending.

### **Proposed rule includes important provisions**

CFPB's proposed rule includes a number of important provisions. The proposed rule:

- Operates as a floor rather than a ceiling. It does not preempt state laws, like ours in North Carolina, that offer stronger protections against payday and other forms of high-cost lending;
- Focuses on preventing the debt trap, the most abusive aspect of high-cost lending;
- Includes a strong ability-to-repay standard, based on income and expenses, a long standing principle of responsible lending; and
- Includes a number of provisions to prevent lenders from evading the rule, including:
  - A broad scope of covered products (long-term and short-term, open end and closed end, balloon payment, installment loans and combinations of the two),
  - Strong anti-evasion language, and
  - An "all-in" APR definition, to capture high fees and high interest and ancillary products.

We are pleased that one loophole has already been closed – an exemption from the proposed ability-to-repay test, included in the CFPB's preliminary outline, if loan payments are less than 5% of a borrower's income. Examining income only is not enough to determine if a loan is affordable.

**We are very concerned that weaknesses in the CFPB’s proposed rule sanction dangerous loan products and will not stop the debt trap.**

**We ask that the CFPB’s final rule build on, rather than undermine, our strong state protections and strengthen our ability to enforce our state law against lenders making illegal loans.**

- Reaffirm the importance of state rate caps;
- Make it an unfair, deceptive, and abusive practice (federal UDAAP violation) to offer or make loans that violate state interest caps and other state protections; and
- Make it a federal UDAAP violation to facilitate illegal loans through payment processing, lead generating, and advertising.

**We also ask the CFPB to close loopholes that undermine the ability-to-repay standard, specifically:**

- **Require an ability-to-repay determination on every loan, with no exceptions.** Since the CFPB cannot set a rate cap, a strong ability-to-repay test is critically important. However, this basic principle must be applied to every loan – with no exceptions and no room for future evasion. As currently written, the proposed rule contains dangerous loopholes. For example, the proposal allows six 400% payday loans a year without any consideration of ability-to-repay, six unaffordable loans too many. The rule also exempts longer-term payday loans with high origination fees from the ability-to-repay test. These loopholes must be closed.
- **Close the “business as usual” loophole.** The proposed rule must be strengthened to ensure that people have enough money to live on after paying back the loan. The rule falls short by allowing lenders to simply continue “business as usual,” making loans to borrowers who cannot afford the loan but have not defaulted in the past. Low default rates are not evidence of ability to repay, since lenders hold a super lien against the borrower’s checking account (with a post-dated check) or car title.
- **Strengthen protections against flipping, particularly for long-term loans.** The proposed rule does not go far enough to stop borrowers from flipping from one unaffordable loan to the next. The CFPB should do more to ensure that short-term debt does not become unaffordable long-term debt. It is critically important to strengthen the protections against repeatedly refinancing longer-term loans, allowing debt to pile up and borrowers to continue to be stuck in a debt trap.
- **Cover all loans that give lenders extra leverage to collect their payments,** such as loans with a super lien against the borrower’s checking account, secured by personal property, or with a right to garnish wages.

The best way to address abusive payday, car title, and other forms of predatory high-cost lending is to put an end to it once and for all, as we have in North Carolina. We continue to support a federal Congressional usury limit and to support our counterparts in every state who fight to make, or keep, their state free from these abusive loans.

North Carolinians strongly oppose payday and all other forms of high-cost lending. Please do not allow a weak federal rule to usher in a new wave of predatory lending in North Carolina and other states where payday lending is illegal. If you have questions about this comment, please contact Alfred Ripley at the NC Justice Center at [al@ncjustice.org](mailto:al@ncjustice.org) or 919-856-2573 or Susan Lupton at the Center for Responsible Lending at [susan.lupton@responsiblelending.org](mailto:susan.lupton@responsiblelending.org) or 919-313-8521.

Respectfully,

Signed by 171 North Carolina organizations listed on pages 4 through 7.

Navy-Marine Corps Relief Society, Camp Lejeune  
Navy-Marine Corps Relief Society, MCAS New River  
NC Council of Chapters, Military Officers Association of America  
NC Veterans Council  
NC Justice Center  
Habitat for Humanity of North Carolina  
NC Alliance for Retired Americans  
NC Assets Alliance  
NC Association of Community Development Corporations  
NC Council on Aging  
NC Child  
NC Community Action Association  
NC Community Development Initiative  
NC Conference, United Methodist Church  
NC Congress of Latino Organizations  
NC Consumers Council  
NC Costa Rican Association  
NC Council of Churches  
NC Hispanic Chamber of Commerce  
NC Housing Coalition  
NC NAACP  
NC National Organization for Women  
NC Public Interest Research Group (PIRG)  
NC Public Service Workers Union-U.E. Local 150  
NC Rural Center  
NC State AFL-CIO  
NC A. Philip Randolph Educational Fund  
NC A. Philip Randolph Institute, Inc.  
NC Women United  
NC Advocates for Justice  
Action NC  
Reinvestment Partners  
United Way of Asheville and Buncombe County  
United Way of Greater Greensboro  
General Baptist State Convention of NC, Inc.  
The Episcopal Diocese of NC  
Presbytery of Coastal Carolina  
Baptist Peace Fellowship  
Carolina Jews for Justice  
Methodist Federation for Social Action NC  
Ecumenical Poverty Initiative  
Beloved Community Center of Greensboro  
Credit Counseling Agencies Association of NC  
Disability Rights NC  
El Pueblo, Inc.  
The Collaborative of NC  
Arcade Credit Union  
Carolina Small Business Development Fund  
Century Employees Savings Fund Credit Union  
Ecusta Credit Union  
The Institute

Latino Community Credit Union  
Latino Community Development Center  
Self-Help and Center for Responsible Lending  
Summit Credit Union  
Black Workers For Justice  
Institute for Dismantling Racism, Inc.  
Center for Financial Social Work  
Center for Housing and Community Studies, UNCG  
Centre for Homeownership & Economic Development Corporation  
Consumer Federation of America  
Financial Protection Law Center  
First in Families of North Carolina  
Good Work  
Legal Services of Southern Piedmont  
Pisgah Legal Services  
United for a Fair Economy  
Women AdvaNCE  
Working America North Carolina

Alexander County Habitat for Humanity  
Ashe County Habitat for Humanity  
Asheville Area Habitat for Humanity, Inc.  
Asheville-Buncombe County Branch NAACP  
Bob Ipock & Associates, Inc.  
Bonnie Wright & Associates  
BPFNA ~ Bautistas por la Paz  
Brunswick County Habitat for Humanity  
Caldwell County Habitat for Humanity  
Cape Fear Habitat for Humanity  
Carolina Behavioral Health Alliance, LLC  
Carolina Home Mortgage  
CCCS of Greater Greensboro  
CCCS of WNC DBA OnTrack Financial Education & Counseling  
Cedar Grove Institute for Sustainable Communities  
Charlotte Family Housing  
Chatham Habitat for Humanity  
Children First/Communities In Schools of Buncombe County  
Chowan-Perquimans Habitat for Humanity  
Church Women United, Raleigh/Wake County  
Circle of Mercy Congregation, Asheville  
CityWell United Methodist Church, Durham  
Clara James Real Estate Broker/Housing Counselor  
Clarke Connections/Center for Financial and Human Dignity  
College Park: An American Baptist Church, Greensboro  
Common Wealth Charlotte  
Community Empowerment Fund  
Community Link  
Community Management Corporation  
Core Catering  
Crisis Assistance Ministry  
Crystal Coast Habitat for Humanity  
David R. Badger, P.A.  
Davidson Housing Coalition

Donald L Coomes, PLLC  
Duck United Methodist Church  
Durham Congregations, Associations, and Neighborhoods (CAN)  
Durham People's Alliance  
Durham Regional Financial Center  
Elizabeth City Habitat for Humanity  
Empowerment Resource Center of Asheville/Buncombe, Inc.  
Fayetteville Area Habitat for Humanity  
Financial Pathways of the Piedmont  
First Calvary Baptist Church, Durham  
Gardner Stokes, Inc.  
Gateway Community Development Corporation  
Greensboro Housing Coalition  
Habitat for Humanity of Alamance County  
Habitat for Humanity of Cabarrus County  
Habitat for Humanity of Catawba Valley, Inc.  
Habitat for Humanity of Charlotte  
Habitat for Humanity of Craven County  
Habitat for Humanity of Davie County, Inc.  
Habitat for Humanity of Forsyth County  
Habitat for Humanity of Gaston County  
Habitat for Humanity of Goldsboro-Wayne, Inc.  
Habitat for Humanity of Greater Greensboro  
Habitat for Humanity of High Point, Archdale and Trinity  
Habitat for Humanity of Johnston County, Inc.  
Habitat for Humanity of Lincoln County  
Habitat for Humanity of Pitt County  
Habitat for Humanity of Randolph County, Inc.  
Habitat for Humanity of the Lexington Area Inc.  
Habitat for Humanity of Wake County  
Habitat for Humanity, Orange County, NC  
Haywood Habitat for Humanity  
Henderson County Habitat for Humanity  
Hertford County Habitat for Humanity  
Holistic Transformations  
Innovative Systems Group  
InSight Fund -Triangle Community Foundation  
Kingdom Community Development Corporation  
Land of the Sky UCC, Asheville  
Lapas Law Offices, PLLC  
Mitchell-Yancey Habitat for Humanity  
Mountain People's Assembly  
New Hope Community Development Corporation  
New Hope Community Development Group  
New Hope Missionary Baptist Church, Greensboro  
OptInference LLC  
Partners Ending Homelessness  
Prosperity Unlimited, Inc.  
QC Family Tree  
Raleigh Friends Meeting, Raleigh  
Rutherford County Habitat for Humanity  
Salisbury Community Development Corporation  
Samaritan Ministries, Winston-Salem

School for Conversion  
St. John's Baptist Church, Charlotte  
Taylor Meuller Realty  
The Concerned Citizens of Lake Waccamaw  
The Power of the Dream, Inc.  
Thermal Belt Habitat for Humanity  
Triangle Labor Council AFL-CIO  
Umstead Park United Church of Christ, Raleigh  
Upper Yadkin Valley Habitat for Humanity  
Virginia Mae Owner Finance Program  
Wake Forest Baptist Church, Winston-Salem  
Watauga County Habitat for Humanity  
West End Community Foundation  
Wilson Community Improvement Association (WCIA)  
Winston-Salem/Forsyth County Asset Building Coalition

## Appendix A:

### The Fight against Payday Lending in North Carolina

North Carolina has a unique story to tell about payday lending. North Carolina was the first state to:

- Roll back a once legal payday industry,
- Litigate the rent-a-bank model, and
- Force a bank to drop its bank payday loan product.

We recount this story because it illustrates how strongly we believe that payday lending causes tremendous harm to borrowers and their families; how hard we have worked to keep all forms of high-cost lending out of our state; how hard the industry has fought, and will continue to fight, to bring it back; and the significance of the Bureau's actions to the future of our critical state protections.

Payday lending was legal in North Carolina for only four years, from 1997 to 2001. By 2000, 10% of the payday loan storefronts in the country were in our state, with heavy concentrations in neighborhoods of color and around military bases.

In 2000, the year before the law authorizing payday lending was scheduled to sunset, a broad coalition of North Carolina organizations came together to oppose payday lending abuses. Following strong opposition to these 400% Annual Percentage Rate (APR) payday loans, and despite a vigorous and well-funded effort by the industry to keep payday lending legal, the North Carolina General Assembly allowed the authorization for payday lending to sunset.

Following the sunset in August 2001, the NC Commissioner of Banks notified all payday lenders in the state that they were making illegal loans. Most shops (we estimate 600 of the 1,000 shops) closed their doors. Others used a variety of schemes to continue operating. The most common scheme to avoid our state interest rate cap and licensing requirements was the rent-a-bank model, used by the large national chains. Under this model, payday lenders claimed they were not making the loans themselves, but instead were the "marketing, processing and servicing agent" of an out-of-state bank which, the payday lenders claimed, was the actual lender.

The NC Attorney General took enforcement action against a number of payday lenders, including the large national chains and smaller lenders. In 2004, the NC Attorney General initiated a lengthy investigation of the largest lender in the state, Advance America. After numerous hearings, the NC Commissioner of Banks, who rules in these matters, ruled against Advance America in December 2005. The ruling stated that Advance America itself was making illegal loans in North Carolina, and that its "partnership" with an out-of-state bank did not allow it to ignore North Carolina lending laws. Advance America was unsuccessful on appeal, and unable to make payday loans during the appeal period.

Shortly after this ruling, in March 2006, the NC Attorney General announced consent agreements with the three remaining large payday chains still making loans here, First American Cash Advance (a subsidiary of CompuCredit/Valued Services Acquisitions), Check Into Cash, and Check 'n Go. These companies agreed to stop making loans in North Carolina and to stop collecting interest and fees on existing loans. These actions forced the last payday shops out of our state, almost five years after the sunset.

The NC General Assembly has a two-year legislative session, with a long session in the odd years and a short session in the even years mostly focused on reconciling the budget. During almost every long session and many short sessions since the payday law sunset in 2001, payday lenders have mounted aggressive lobbying campaigns to re-authorize payday lending in our state. In some years, they have been joined by other high-cost lenders, like car title and installment lenders. Despite their aggressive efforts, we have held the line against payday, car title and other forms of high-cost lending.

In 2012, our North Carolina coalition moved quickly to oppose banks making payday loans here, following new research that documented the abuses of this 300% APR “direct deposit advance” payday loan product. We were extremely concerned that bank payday loans could quickly be accepted as mainstream, like abusive overdraft fees. If this scenario played out, all of our efforts to eliminate storefront payday lending in North Carolina would be for naught.

Regions Bank, with a very small retail presence in North Carolina, was the only bank making these payday loans here. However, two other banks, each with a large retail presence in our state, had expressed their intent to introduce bank payday loan products here. We moved quickly and aggressively against Regions, which dropped its payday loan product in our state in January 2013. To our knowledge, we are the only state to have won a victory of this type. Following strong action by federal regulators, the other two banks considering bank payday loan products here chose not to introduce them.

Payday loans caused tremendous harm during the nine years that payday lenders were active in our state, the four years when they were authorized (1997-2001) and the five years when they operated illegally under the rent-a-bank scheme (2001-2006). Having seen the devastating impact of the payday debt trap over these nine years, North Carolinians are strongly united in their opposition to payday lending.

Hundreds of organizations (and thousands of individuals) have been part of this 15-year fight to keep payday lenders out of our state, many for the entire 15 years. We have continued this fight because we understand first-hand the harm caused by payday lending in our state and the high stakes if payday lenders return.

October 7, 2016

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

Re: Pennsylvania organizations comments on proposed rulemaking on payday, vehicle title, and certain high-cost installment loans  
Docket No: CFPB-2016- 0025 or RIN 3170-AA40

Dear Director Cordray:

We, the undersigned Pennsylvania organizations, applaud the Consumer Financial Protection Bureau for taking a critical step to protect consumers across the country by proposing the first federal regulations to address payday, car title, and high-cost installment loans.

We represent a broad cross section of Pennsylvania residents, including veterans, seniors, faith leaders, neighborhood development agencies, and social service providers. We write to urge you to strengthen your proposed rule to end debt-trap lending nationwide once and for all. We are deeply concerned that as the CFPB works to rein in payday lending abuses in other states, it inadvertently will expand them into states like ours.

Pennsylvania has one of the strongest laws in the country to guard against predatory lending, with a strict cap on fees and interest for consumer loans. Our residents are among the 90 million Americans who live in states free of high-cost payday lending and the host of harms it brings. Our experience demonstrates that individuals and communities are better off without these unaffordable, predatory loans.

Although Pennsylvania has never legalized high-cost payday and car title loans, payday lenders have employed a variety of schemes to set up shops in our communities. Victims reported heartbreaking stories confirming what research has shown: payday loans cause borrowers to fall behind on other bills, including their rent and their mortgages, and to overdraft and eventually lose their bank accounts. Payday lending also impacts communities, creating strains on food pantries and charitable relief services. Fortunately, courts and regulators effectively stopped debt-trap lending in Pennsylvania, bringing relief to consumers and communities in our state. Annually, our citizens save \$489,497,834 that would otherwise be spent on fees to float unaffordable payday and car title loan debt.<sup>1</sup> The savings from our rate cap benefit not only individual people and communities but the state economy as a whole.

In response to effective enforcement of our state law, payday lenders have been working aggressively and relentlessly to bring their predatory loans into our state by lobbying for legislation to weaken our state law. Our battles to keep predatory payday lending out of Pennsylvania have been fierce. The payday lenders have tried to disguise their legislative proposals to legalize high-cost loans by repeatedly rebranding payday loans as “short-term loans,” “micro-loans,” or “a fresh start,” and by falsely promoting their legislation as consumer protection. In addition, as reported by the *Philadelphia Inquirer*, the payday lenders have employed unfair tactics, including sending “cease and desist” letters – on no legal basis – to faith leaders who spoke out against legalizing payday lending, and bringing our budget process to a halt

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<sup>1</sup> Center for Responsible Lending, "States without Payday and Car-title Lending Save \$5 Billion in Fees Annually," 2016, [http://www.responsiblelending.org/sites/default/files/nodes/files/research-publication/crl\\_payday\\_fee\\_savings\\_jun2016.pdf](http://www.responsiblelending.org/sites/default/files/nodes/files/research-publication/crl_payday_fee_savings_jun2016.pdf)

by sneaking language into the fiscal code that falsely stated that both chambers of the General Assembly intended to legalize high-cost lending.

A diverse coalition has been working tirelessly to keep the Commonwealth's safeguards in place. Based on our experience, we know that the payday lenders will exploit any weaknesses in the national payday lending rule as justification for legalizing their loans in our state.

Already, the payday lenders are using the proposed CFPB rule as leverage to weaken our state law. They are peddling state legislation to legalize their loans based on provisions in the proposed rule that would permit high-cost, unaffordable, long-term payday loans, and implying that the CFPB has given its "seal of approval" to these loans.

That is why it is critical for the CFPB to adopt the strongest possible final rule that will end abusive, debt-trap lending. We believe a strong national rule on payday lending could and should bolster and support our existing state protections, while also providing important new protections to Americans who live in states that have legalized predatory lending.

We understand that is a difficult task given that the CFPB does not have the ability to cap the rates on these loans. We commend the CFPB for recognizing in the proposed rule the importance of state fee and interest rate caps by specifically noting that they provide stronger protections to consumers. We also are grateful that the proposed rule makes clear that the federal rule does not preempt our stronger state law.

But we urge you to strengthen the proposed rule because it is filled with loopholes that would allow lenders to continue exploiting borrowers in states without strong interest rate caps. We support the fundamental principal of the proposed rule: That a lender must ensure that a borrower has the ability to repay the loan without having to borrow again, while still being able to cover basic living expenses. We cannot support any exceptions to that standard. Payday lenders are notorious for exploiting regulatory loopholes to continue making debt-trap loans. In addition, any exception risks sending the message that the CFPB has sanctioned a whole-category of high-cost predatory loans as desirable and safe, when in fact they are harmful and dangerous to borrowers.

We urge that the CFPB to make the following adjustments to its proposed rule:

- **Require a meaningful "ability to repay" standard that applies to all loans, without exceptions.**  
Since the CFPB cannot set a rate cap, the rule should require lenders to verify a borrower's ability to repay every loan, considering both income and expenses. The proposed rule contains dangerous loopholes to this standard. For example, the proposal allows six triple-digit APR payday loans a year to be made without any ability-to-repay determination. This is six unaffordable loans too many. In addition, the rule exempts longer-term payday loans with high origination fees from its proposed ability-to-repay test. These loopholes must be closed.
- **Close loopholes in the rule that allow lenders to continue "business as usual."**  
The rule must be strengthened to ensure that people have enough money to live on after paying back the loan. The proposed rule falls short by allowing lenders to simply continue "business as usual," making loans to borrowers who cannot afford them but have not defaulted in the past. Low default rates are not evidence that the loan is affordable because the lender has access to the borrower's bank account, or car title, leading to the lender getting paid back first on the borrower's payday.
- **Strengthen the protections against loan flipping.**

The proposed rule does not go far enough to stop lenders from flipping borrowers from one unaffordable loan to the next. The rule should ensure that borrowers cannot be stuck in two-week loans for three months or more, and prevent serial flipping of long-term loans.

- **Strengthen the enforceability of existing, stronger state consumer lending laws.**  
The rule should provide that a violation of state usury or other consumer protection lending laws is an unfair, deceptive and abusive act or practice under federal law, as a federal court recently found in the CFPB's action against the lender CashCall.

We are concerned that weaknesses in the proposed rule will be seen as sanctioning high-cost loans that are illegal in our state. Pennsylvanians strongly oppose predatory payday lending and other forms of high-cost lending that traps borrowers in long-term debt. We call on you to issue a stronger national rule that in no way undermines Pennsylvania's strong protections against abusive payday lending practices – a strong rule that will benefit people everywhere.

Respectfully,

**ACTION Housing, Inc.**

**Advantage Credit Counseling Service, Inc.**

**AIM Angels In Motion**

**Bucks County Women's Advocacy Coalition**

**Ceiba**

**Clarifi**

**Community Action Association of Pennsylvania**

**Community Action Committee of the Lehigh Valley**

**Community Legal Services of Philadelphia**

**Family Service of Chester County**

**Habitat for Humanity Pennsylvania**

**Health, Education, and Legal Assistance Project (HELP: MLP)**

**Homeownership Counseling Association of Delaware Valley**

**Housing Alliance of PA**

**Just Harvest: A Center for Action Against Hunger**

**Keystone Opportunity Center, Inc.**

**Keystone Progress**

**Keystone Research Center**

**Lancaster Lebanon Habitat for Humanity**

**Lutheran Advocacy Ministry in Pennsylvania**

**Making Work Pay PA Coalition**

**Military Officers Association of America, Pennsylvania Council of Chapters**

**Montgomery County Community Action Development Commission**

**Neighborhood Allies**

**NeighborWorks Western Pennsylvania**

**Open Hearth, Inc.**

**PathWays PA**

**Pennsylvania AFL-CIO**

**Pennsylvania Council of Churches**

**Pennsylvania Public Interest Research Group (PennPIRG)**

**Pennsylvania Utility Law Project**

**Pennsylvania War Veterans Council, Inc.**

**Philadelphia Unemployment Project**

**Philadelphians Organized to Witness, Empower & Rebuild (POWER)**

**Pittsburgh Community Reinvestment Group**

**Planned Parenthood Pennsylvania Advocates**

**PRO-ACT Public Policy hosted by The Council of Southeast Pennsylvania, Inc.**

**Public Interest Law Center**

**Reinvestment Fund**

**Southwest (Philadelphia) Community Development Corporation**

**Tabor Community Services**

**THE ONE LESS FOUNDATION**

**The Philadelphia Association of Community Development Corporations**

**The Society of Saint Vincent de Paul - Diocesan Council of Pittsburgh**

**The Society of Saint Vincent de Paul Philadelphia**

**Unitarian Universalist Pennsylvania Legislative Advocacy Network (UUPLAN)**

**United Methodist Advocacy in Pennsylvania**

**United Way of Erie County**

**United Way of York County, PA**

**Urban Affairs Coalition**