

The Honorable Richard Cordray, Director
Consumer Financial Protection Bureau
1700 G Street, NW
Washington, D.C. 20220

Dear Director Cordray:

We, the undersigned organizations, are based in states throughout the U.S. that ban payday lending and other types of high-cost, predatory small-dollar loans. We write to you from our perspectives as military associations, social service providers, faith leaders, affordable housing agencies, legal service providers, labor organizers, and civil rights advocates. We greatly appreciate that the Consumer Financial Protection Bureau (CFPB) is taking action to curb predatory payday lending, and we acknowledge the challenge that the CFPB faces in crafting the first-ever federal payday lending rules. We are extremely troubled, however, that the CFPB's current outline would allow lenders to continue to make abusive and harmful payday loans, including those that would be categorically illegal in our states. We call on the CFPB to issue strong rules on payday lending that expand our states' existing protections, enforce tougher state regulations to protect consumers from financial abuse, and put an end to the payday lending scourge once and for all.

As you know, 14 states, plus the District of Columbia, prohibit predatory payday lending outright. Although these "non-authorizing" jurisdictions represent a significant portion of the country's population, the CFPB's outline for its forthcoming payday lending rule does not seem adequately to take into account that many states fully ban harmful payday loans. Instead, the CFPB appears to be overly focused on mitigating, but not fully stopping, the harms caused by payday lending in parts of the country where it is permitted. From our perspective, this approach appears to run counter to sound public policy-making, as well as the CFPB's mandate of stopping unfair and abusive lending practices. Our states have shown that strong, enforceable prohibitions against payday lending constitute sound public policy and clearly benefit the public interest. A strong rule will benefit people everywhere.

We believe that a weak CFPB rule will directly jeopardize our states' usury and other relevant consumer protection laws. Battles to keep payday lending out of "non-authorizing" states have been especially fierce. Many of us have fought long and hard to keep our state protections in place, against the industry's relentless, aggressive efforts to undo them. We know that the industry is already using the CFPB's rule-writing outline to lobby against strong state protections. They are pointing to provisions in the proposals that would permit high-cost, abusive loans, both short- and long-term, as indications of the CFPB's tacit approval of these loan products.

The CFPB's final rules must include a strong ability to repay standard across the board, without loopholes or "safe harbors." Accordingly, we urge the CFPB to issue final rules that build on, rather than undermine, strong state protections and that enhance our ability to enforce them. The CFPB should reaffirm the importance of state rate caps and should make clear in the rules that loans made or offered in violation of state usury laws is itself an unfair, deceptive, and abusive act or practice.

Indeed, it would be unacceptable for the CFPB to issue weak payday lending rules, which would likely usher in a new wave of predatory lending in non-authorizing states and throughout the country.

Thank you for your leadership on this critical issue. We would appreciate the opportunity to meet and continue this discussion. Should you have any questions or if we can provide additional information, please contact Beverly Brown Ruggia at beverly@njcitizenaction.org or at 973-643-8800 x239.

Respectfully,

National NAACP Washington Bureau on behalf of the following branches of state conferences: Arkansas, Arizona, Connecticut, Georgia, Maryland, Massachusetts, Montana, New Hampshire, New Jersey, New York, North Carolina, Pennsylvania, Vermont, West Virginia, and the Washington, D.C. branch

Arkansas

Arkansans Against Abusive Payday Lending (comprising 40 member organizations)
Arkansas Community Organizations
Arkansas Advocates for Children and Families
Arkansas Interfaith Alliance
Arnold, Batson, Turner & Turner, P.A.

Arizona

Arizona Community Action Association
Center for Economic Integrity, Arizona Division

Connecticut

Connecticut Association of Human Services
Connecticut Citizen Action Group
ConnPIRG
Legal Assistance Resource Center of Connecticut, Inc.
National Association of Consumer Advocates, Connecticut Chapter

Georgia

ClearPoint Credit Counseling Solutions
Georgia Watch
Habitat for Humanity of Georgia, Inc.

Maryland

Maryland CASH Campaign
Maryland Consumer Rights Coalition (comprising 8,900 individual and organization supporters)

Massachusetts

Cambridge Economic Opportunity Committee
Lawrence Community Works
The Midas Collaborative (comprising 34 member organizations)

Montana

Habitat for Humanity of Gallatin Valley
Rural Dynamics, Inc.

New Hampshire

Granite State Organizing Project
New Hampshire Legal Assistance
United Valley Interfaith Project
Upper Valley Haven

New Jersey

Anti-Poverty Network of New Jersey
Asbury Park/Neptune NAACP
CWA Local 1081
Fair Housing Council of Northern New Jersey
Garden State Equality
Ironbound Community Corporation
NAACP, New Jersey State Conference
New Jersey Citizen Action
New Jersey Communities United
New Jersey Community Capital
New Jersey State Industrial Union Council
New Jersey Tenants Organization
NOW-NJ
The Affordable Homes Group, Inc.

New York

New Economy Project
New Yorkers for Responsible Lending (comprising 170 member organizations)

North Carolina

IDA & Asset Building Collaborative of North Carolina
Military Officers Association of America, North Carolina Chapter
Navy-Marine Corps Relief Society, Camp Lejeune
North Carolina Assets Alliance (comprising 76 member organizations)
North Carolina Coalition for Responsible Lending (comprising more than 150 organizations)
North Carolina Housing Coalition (comprising 163 member organizations)
North Carolina Justice Center
Reinvestment Partners

Pennsylvania

ACTION-Housing, Inc.
Clarifi – Consumer Credit Counseling Service of Delaware Valley
Community Legal Services, Inc.
Housing Alliance of Pennsylvania
Keystone Research Center
Lutheran Advocacy Ministry in Pennsylvania
United Way of Erie County

Vermont

Vermont Legal Aid, Inc.
VPIRG
United Valley Interfaith Project
Upper Valley Haven

Washington, D.C.

Habitat for Humanity of Washington, D.C.
Legal Aid Society of the District of Columbia

West Virginia

Mountain State Justice
National Association of Social Workers, West Virginia Chapter
West Virginia Center for Budget & Policy
West Virginia Citizens Action Group