

FLORIDA CONFERENCE OF CATHOLIC BISHOPS

201 WEST PARK AVENUE
TALLAHASSEE, FL 32301-7715

PHONE (850) 205-6820
FAX (850) 205-6849
WWW.FLACCB.ORG

MICHAEL B. SHEEDY
EXECUTIVE DIRECTOR



October 3, 2016

The Honorable Richard Cordray
Director, Consumer Financial Protection Bureau
1700 G Street, NW
Washington, DC 20522

Re: Comments on proposed rulemaking on payday, vehicle title, and certain high-cost installment loans - Docket number CFPB-2016-0025

Dear Director Cordray:

The Florida Conference of Catholic Bishops files this comment in response to the Consumer Financial Protection Bureau's proposed rule on payday, vehicle title, and certain high cost installment loans. The rule is a critical first step in stopping the harms of unaffordable loans; however, we urge that the rule be strengthened to ensure it stops the "debt trap" once and for all.

Predatory lending damages Florida families, preys on the vulnerable

Payday lending preys on the financial hardship of vulnerable consumers, exploits their lack of understanding, and increases economic insecurity.

In Florida, payday lenders charge an average Annual Percentage Rate (APR) of 278%, even though Florida's criminal usury rate is 18% APR. The economic drain of payday lending is disproportionately concentrated in Florida's minority communities and has seen significant growth among senior citizens. In 2015 alone, over 83% of Florida payday loans were to Floridians who borrowed seven or more loans per year in order to meet their monthly expenses.

Consider a case from Brevard County

A Brevard County Legal Aid Staff Attorney, Sarah Eli Mattern, shared the following with us:

A client came to me because Habitat for Humanity is foreclosing on her home. She's borrowing money from payday lenders to get through the week -- she's not living paycheck to paycheck because there isn't a paycheck left by the time she gets one. She lives with her two sons, her daughter, and her nephew. Her daughter is working at Wendy's to save for a high school graduation ring. The woman broke down crying in my office when I told her that the money her daughter is earning needs to be used to get out of debt. I advised the client that she also needs to ask her 15 year old son to get a job as well. Then, she and I went into detail about the heirloom jewelry she may be able to sell to bring herself current on her payday loans. If she can scrimp enough to get out of the payday death spiral, than she and I may be able to work out something with Habitat for Humanity. If not, she and the children she cares for are going to be homeless.

Recommendations

While we are encouraged that the rule seeks to regulate payday lending, we are concerned that, as proposed, the rule allows for six loans in a year charged at 300% APR as an exception to the borrower's ability to repay assessment. No single loan should be extended without assessing a borrower's ability to repay. The working poor deserve loan options they can repay in a timely manner and that advance their long-term financial security, rather than consign them to a cycle of debt.

Thank you for your efforts to provide the working poor with protections from usurious practices which Pope Francis has labeled "a dramatic scourge in our society."

Sincerely,

A handwritten signature in blue ink that reads "Michael B. Sheedy". The signature is written in a cursive, flowing style.

Michael B. Sheedy