

February 2, 2015

Florida Congressional Delegation:

The undersigned organizations join together to express our support for the Consumer Financial Protection Bureau's (CFPB) efforts to end the payday loan debt trap and ensure that credit options are safe and affordable for all Floridians. We request your support and leadership in achieving real reform of abusive payday loans.

Florida has a long and storied history with the payday lending industry. All of the undersigned organizations provide services to or advocate on behalf of working poor, elderly, servicemembers and disabled Floridians. Since the Florida legislature acted in 2001 to authorize payday loans and exempt them from the state's interest rate cap of 18% annually, our organizations have become all too familiar with the devastation that payday loans cause to budgets of financially stressed Floridians. The core of the problem is the nearly inescapable cycle of debt that is triggered by the payday loans.

Current Florida law allows payday loans up to \$500 for a term of 7 to 31 days; fees may be up to 10% of the loan amount plus a verification fee. The APR, with the payday loan exception under Florida law allowing 20 times the criminal usury rate, is 390%. Florida law codifies what industry representatives often hold up as "best practices," such as a rollover ban, 24 hour cooling off period, a limit of one loan at a time, and a real-time database to enforce these provisions and collect data. Contrary to what the industry may say, however, the law in Florida is horrible for consumers.

While the CFPB cannot issue a rate cap, like Florida could, it has the opportunity to fundamentally reshape the payday lending industry by:

- **Stopping the debt trap:** Research by the CFPB found that over 75% of payday loan fees are generated from borrowers with more than 10 loans a year (in Florida the average is almost 9 loans per year). This high number of loans per year is a debt trap, plain and simple.
- **Ensuring loans are affordable in light of a borrower's income and expenses:** Payday lenders require direct access to a borrower's bank account using a post-dated check or electronic debt authorization. They disregard a borrower's ability to repay after meeting basic expenses like housing and groceries. Ability to repay standards exist for mortgages and credit cards. We need them for 300% APR loans, too.
- **Protecting consumers' bank accounts:** When a payday lender holds a borrower's check or demands authorization to debit a checking account, the payday lender stands first in line to get repaid ahead of all other creditors.

Research shows that payday loans increase the likelihood of overdraft fees, involuntary bank account closures, and bankruptcy.

Addressing these fundamental problems with payday loans would dramatically improve consumers' financial outcomes. Please stand with Floridians in urging CFPB to end the payday loan debt trap.

For more information please contact Alice Vickers at [alicevickers@flacp.org](mailto:alicevickers@flacp.org) or 850.556.3121.

Sincerely,

Alice Vickers, Director  
**Florida Alliance for Consumer Protection**

Lynn Drysdale, Consumer Law Unit  
Director  
**Jacksonville Area Legal Aid**

Monika Woods, Director  
**Navy-Marine Corp Relief Society, Jacksonville**

Tom Walker, President  
**Florida Consumer Action Network**

Walt Dartland, Director  
**Consumer Federation of the Southeast**

Dionne Meyers, Senior Attorney  
**Florida Legal Services**

Kaye Schmitz, President and CEO  
**Florida Prosperity Partnership**

Torey Alston, Chair, Economic  
Development  
**Florida State Conference, NAACP**

Robert Bertisch, Director  
**Legal Aid Society of Palm Beach County**

Anthony Karrat, Director  
**Legal Aid Service of Broward County**

John Dubrule, Chief Operating Officer  
**Gulfcoast Legal Services**

Edward Grunewald, Director  
**The North Florida Center For Equal Justice**

Andrea Costello, Legal Director  
**Legal Advocacy Center of Central Florida**

Robert Johnson, Executive Director  
**Brevard County Legal Aid**

Jerry Peña, Executive Director  
**Faith in Florida**