Testimony of the Center for Responsible Lending

Before the Rhode Island Advisory Committee of the United States Commission on Civil Rights

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"*I think that the effort to place payday lenders into our communities in particular is similar to the argument that the - all the people made against the Jim Crow laws. For example, it's OK to have certain people, particularly people of color, to ride in the back of the bus. And it's OK for us to go to the restaurant and be served in the back. I can remember those days. The argument to place these fringe financial services in our community is pretty much the same.*

And think about it. If you are in a low-income community and the only place you see for financial transactions is a payday lender or a rent-to-own shop, it becomes a normal situation...[W]hen you're faced with that, people grow up thinking that this is OK. And so what happens is if one community is paying no more than 15 percent to borrow money and another community is paying three and 400 percent minimum, the community never will get out of poverty."

-- Keith Corbett, Center for Responsible Lending, Executive Vice President in 2008 NPR interview on "Payday Lending Trapping Communities of Color?"

Thank you for the opportunity to provide testimony today. My name is Diane Standaert, and I am the Director of State Policy and Executive Vice President for the Center for Responsible Lending.

The Center for Responsible Lending (CRL) is a nonprofit, nonpartisan research and policy organization dedicated to protecting homeownership and family wealth by working to eliminate abusive financial practices. CRL is an affiliate of Self-Help, a nonprofit community development financial institution. For thirty years, Self-Help has focused on creating asset-building opportunities for low-income, rural, women-headed, and minority families, primarily through financing safe, affordable home loans and small business loans. In total, Self-Help has provided $6.4 billion in financing to 87,000 homebuyers, small businesses and nonprofit organizations and serves more than 80,000 mostly low-income families through 30 retail credit union branches in North Carolina, California, Florida, and Illinois.

While today's hearing importantly focuses on payday lending as a civil rights concern, it occurs within the context of a two-tiered financial services system rooted in a long history of discrimination on the basis of race. Nationally, payday lenders strip away over $4 billion a year from consumers through unaffordable loans carrying annual interest rates of 300% or higher. In Rhode Island, payday lenders strip away over $7.5 million a year, through loans that average $391 and carry a 260% APR (annual percentage rate). My testimony today will describe how payday lenders have situated themselves to perpetuate our country's two-tiered financial services system, discuss how the harms and consequences of payday loans perpetuate racial wealth disparities and disproportionately burden communities of color, and conclude with policy recommendations for addressing these abusive lending practices.

Payday Lenders Perpetuate a Financial System Rooted in a Legacy of Discrimination and Exclusion

The United States' two-tiered financial services system is rooted in a legacy of discrimination and perpetuates wide racial wealth disparities. Homeownership is a prime example, as it remains the single largest opportunity for people to build wealth in this country; yet, federal and local housing policies have systematically excluded Black people from this opportunity. As just one example, federal housing policies following the Great Depression facilitated homeownership for white families through access to mortgage loans heavily subsidized by the federal government, but intentionally excluded Black families from accessing these same loans. Another devastating federal policy was redlining, in which the federal government drew literal red lines on maps, indicating where mortgage loans should not be made. This lead to the intentional disinvestment of entire communities of Black people.

As such, white families have had the unfair economic advantage to pass on this wealth from one generation to the next in the form of homeownership, enabling families to weather financial shocks. If homeownership rates were the same for whites and people of color we would see a decrease in the racial wealth gap by 31% for Blacks and 28% for Latinos.[1] For decades, Black homeownership rates lagged behind whites and others. By 2008, the homeownership gap began to close, but only due to predatory mortgage lending products peddled by national banks and their subsidiaries in communities of color at far greater rates than in white communities, even after accounting for income and credit risk.[2] Black and Latino homeowners not only experienced higher rates of foreclosures on loans made during this time, but collectively communities of color lost more than $1 trillion in wealth.[3] In Rhode Island alone, communities of color lost over $4.3 million in wealth due to the foreclosure crisis,[4] and today, the homeownership for whites is 65%, but the Black homeownership rate is 31%.[5]

In a story that has played out numerous times as it did in the mortgage crisis, as efforts are made to make credit access to communities of color, lax regulation facilitates lenders to make credit on predatory terms designed to strip wealth rather than build it. For example, shortly following the implementation of the Community Reinvestment Act in 1977, which required banks to lend in racial minority communities in which they are located, in 1978 we witnessed the beginning of the deregulation of interest rates that governed the price of credit extended by national banks.[6]

Payday lenders piggy backed on this trend of chipping away at state usury limits which have been part of the nation's fabric since its Independence.[7] Between the mid-1990s and late 2000s, payday lenders went state-by-state-by-state, lobbying state legislatures to provide them exclusive exemptions to long-standing state interest limits in order to charge rates as high as 391% on an annual basis under the pretense of offering access to emergency, short-term credit.[8] As states quickly learned, these loans were debt traps that would lead to further financial devastation in their communities. Since 2005, no state has legalized payday lenders to come into its borders, and a number of states have reversed course and restored their interest rate limits' applicability to these loans.

Communities of color have historically been disproportionately excluded from the traditional banking system due to discrimination. About 21% of African American and 18% of Latino households are unbanked, compared to 4 % of white households. This disparity holds true in Rhode Island as well: In 2013, 15% of Rhode Island's Black population was unbanked, as was 19% of its Latino population, compared to just 4.4% of the state's white population.[9] Payday loans increase the likelihood that a borrower will have their bank account involuntarily closed, exacerbating the racial disparity between those with bank accounts and those without.

A history of redlining and race-based restrictive covenants have led to racial residential segregation, which payday lenders are able to exploit through the location of their payday loan shops. Due to long-term, systemic discrimination in housing, lending, policing, and other areas such as employment, communities of color in Rhode Island are also more likely to experience higher rates of poverty. In the state, in the 20% of neighborhoods with the highest shares of people of color, the average poverty rate is about 27%, compared with 9% for all other neighborhoods combined.[10]

Likewise, people of color are likely to both have lower wages and higher cost burdens just to pay for basic living expenses as the result of facing broad discrimination. In Rhode Island, 56% of African American households, but only 34% of whites, are housing burdened, meaning they are paying more than one-third of income on housing.[11] There are similar startling gaps in wages and employment: a woman of color who graduated college earns the same wages as white men with a high school degree; as a woman of color who graduated college is as likely to be unemployed as a white women with a high school degree; and women of color with a high school degree earn $12 an hour while white men with a high school degree earn $20 an hour.[12] These disparities mean that people of color are more likely to be financially distressed, more likely to struggle to ends meet, more vulnerable to being targeted by payday lenders.

The history of racial discrimination and exclusion in our country's banking system has produced racially inequitable outcomes which persist today, both nationally and in Rhode Island. Payday lenders are profiteers of this history of racial discrimination. Payday lenders frequently promote their products as providing access to credit to emergencies, but in reality they are exploiting chronic racial and economic disparities that cannot be solved or ameliorated with a 300% interest rate loan. In reality, as explained further below, these predatory products strip borrowers of assets, leaving them worse off, while stifling the development of responsible products—a double-edged sword. Permitting their unfair and abusive practices entrenches the two-tier financial services system. One group of consumers has access to the mainstream financial system, while another is further marginalized, relegated to predatory lenders pushing debt traps, reinforcing a history of financial exploitation.

The Harms of Payday Lending Perpetuate Racial Wealth Disparities

"Payday lending is bad for many consumers, but like many predatory scams, it invariably ends up as a weapon against the disadvantaged communities that are least able to bear its terrible burden. It uses the lure of quick cash to trap struggling families in a cycle of debt and slowly drain them of what little money they have."

Vanita Gupta, President and CEO of The Leadership Conference on Civil and Human Rights[13]

Payday loans exist in Rhode Island only as a result of action by the state legislature. In 2001, payday lenders lobbied for and received from the state legislature a special exemption from the state's usury laws, enabling them to make payday loans as licensed check cashers.[14] Today, as permitted under state law, Rhode Island payday lenders charge as high as 260% annual percentage rate (APR).[15]

Twenty-six of the 28 payday loan stores in Rhode Island are owned by two large national chains - Advance America and Check 'N Go.[16] Both advertise the maximum rate permitted under state law – 260% APR.[17] According to data provided by the Rhode Island banking regulator, Advance America and Check 'N Go accounted for 95% of all payday loans made in 2017.[18] Payday lending in Rhode Island drains over $7.5 million in loan fees every year, the bulk of which comes from the cycle of debt.[19]

Payday loans are marketed as a quick financial fix, but in reality create a long term debt trap. Payday loans, with an average size of $391 in Rhode Island, are typically due on a borrower's next payday. When making the loan, payday lenders generally only require that a borrower have a bank account and some sort of income – wages, Social Security income, disability payments, unemployment benefits, or the like. As part of the loan transaction, the borrower leaves a post-dated check or authorization for an electronic debit of their bank account in the amount of the loan plus the fees owed. This means that on the borrower's next payday, the payday lender has extreme leverage over the borrower's bank account to seize their money as soon as it comes in. This typically leaves borrowers without enough money to make it to the next payday, and so the payday lender makes them another loan. This is the debt trap that causes people to sink into financial quicksand, but lets payday lenders rake in millions of dollars a year from hardworking people stuck in unaffordable debt.

Nationally, the typical payday loan borrower is stuck in 10 loans a year, generally taken in rapid back-to-back succession.[20] Over 80% of payday loans are made with two weeks of a borrower paying back the previous loan.[21] This means that a borrower stuck in 10 loans a year is not really getting new credit each time, but rather they are paying new fees every payday to float the same $300 budget gap, resulting in hundreds of dollars in fees paid in excess of the original amount owed.

This debt trap is the core of the payday lenders' business model. Over 75% of all payday loan fees are due to borrowers stuck in more than 10 loans a year.[22] During the time the information was publicly available, Advance America consistently reported to its investors that their average customer has eight loans in a 12 month period.[23] Research also shows that even though payday lenders market their product as an occasional fix to a financial emergency, only 2% of payday loans go to borrowers who take out one payday loan and do not come back for a year.[24]

While this debt trap is extremely lucrative for payday lenders, it is incredibly devastating for borrowers and for the communities in which payday lenders are situated. For borrowers, payday loans are associated with a cascade of financial consequences, such as increased likelihood of bankruptcy, bank fees, delinquency on other bills like rent and medical bills, delinquency on child support payments, and even involuntary bank account closures.[25] The CFPB found that about half of payday loan borrowers paid a nonsufficient fund fee (NSF) or overdraft fee, due to attempts to repay a payday loan, and further found that over one-third of borrowers with a bounced payday loan payment had their checking accounts involuntarily closed by the bank.[26] Another study found that payday borrowers nearly doubled their chances of filing for bankruptcy compared with households of similar financial status who were denied a payday loan.[27]

The debt treadmill becomes so unsustainable that eventually nearly 50% of borrower's default.[28] Upon default, things become even worse. Most payday loan borrowers default even after having paid hefty fees to the payday lenders, but then they are hounded as if they have never paid a dime.[29] Payday lenders employ aggressive debt collection tactics, such as contacting people at work or their friends and family. Once a payday loan debt goes into collection, it is often reported to the credit bureaus, thus further damaging their credit standing and increasing barriers to jobs, housing, insurance or other affordable products in the future. Debt collection, like predatory lending, is often unduly concentrated in communities of color. Rhode Island's experience is no different. In Rhode Island, 52% of people who live in non-white neighborhoods have a debt in collection, compared with 23% of people who live in white neighborhoods.[30]

In addition to these harms to individual borrowers, payday loans lead to a net decrease in economic activity. Payday lending in Rhode Island leads to a loss of $1.4 million in economic activity that is not realized due to the extraction of payday loan fees.[31]

Communities of Color Disproportionately Bear the Burden of Predatory Payday Loans

"A drive through any low-income neighborhood clearly indicates people of color are a target market for legalized extortion…Visits to payday stores…are threatening the livelihoods of hardworking families and stripping equity from entire communities."

Julian Bond, former national chairman of the NAACP[32]

In determining their locations, payday lenders are able to exploit the compounding harms of residential racial segregation and the continuing effects of disinvestment due to redlining, in Rhode Island as well as nationally. Payday research has repeatedly found that payday lenders concentrate in communities of color. In other words, payday lenders engage in a type of reverse redlining, locating primarily in communities that have been historically and systematically deprived of mainstream financial services in order to extract fees on the false promise of access to credit.

An analysis of storefront locations in Rhode Island, in which 26 of the state's 28 payday loan stores are owned by Advance America and Check 'N Go, shows similar patterns. **In neighborhoods with 80% to 120% area median income, those with a significant population of Black and Latino people have a 70% higher concentration of payday loan stores than predominately white neighborhoods**.[33] There is only one payday loan store in any Rhode Island neighborhood that is upper-income, and predominately white.

These patterns are not new nor accidental. They have been found all over the country. Payday lenders in California were found 2.4 times more concentrated in African American and Latino communities, even after controlling for income and a variety of other factors.[34] Payday lenders in Florida were also more concentrated in majority black and Latino communities, even after controlling for income.[35] Maps from Louisiana and Arizona show similar concentrations of payday loan storefronts in communities of color.[36] Dating back to 2005, when the Center for Responsible Lending produced the first report of this kind, payday lenders still had shops in North Carolina, and the pattern was clear even then. At that time, African-American neighborhoods had three times as many stores per capita as white neighborhoods.[37] This three-fold disparity remained unchanged even after controlling for the neighborhood characteristics of income, homeownership, poverty, unemployment rate, urban location, age, education, share of households with children, and gender.[38]

Payday lenders publicly acknowledge that location of their stores is one of the most critical factors in their competitive edge among other payday lenders.[39] Payday lenders compete on location and convenience, rather than price (as further evidenced by payday lenders' each charging the maximum rate under state law). Payday lenders aggressively market their loans in order to lure people in to their doors for the first time, such as by offering their first loan free, a frequent borrower discount, or discounts for referring a friend, because lenders know that the typical borrower will cycle through the revolving door 10 more times, on average.

In light of this concentration in communities of color and the importance of location in the payday lenders' business model, it is unsurprising that a disproportionate share of payday borrowers are people of color.

A Pima County, Arizona, survey of payday borrowers, during the time it was legal in that state, found that 65% of respondents were African American, Latino, or Native American, compared to about 30% of the overall adult population.[40] In California, while African Americans, Latinos, and Native Americans make up about 35% of the adult population, they represent 56% of all payday borrowers. Similarly, researchers with access to the records of one of the largest Texas-based payday lenders found that African Americans and Latinos make up over three-quarters (77%) of all payday customers while they comprise 40 %of the population.[41] A survey by the Pew Charitable Trust found that African Americans were 105% more likely than other races/ethnicities to have had a payday loan in the last five years.[42]

This disparity is even more significant since Black and Latino people are much less likely to have checking accounts than whites. Since a checking account is typically required to get a payday loan, one might expect the concentration of payday lenders in communities of color to be lower than in white neighborhoods.

Both State and Federal Government Must Act to Rein in Payday Lending Debt Traps

"Clearly, more needs to be done to rein in these uniquely unscrupulous lenders. States can push for interest rate caps to complement the CFPB's rule and play an even greater role in ensuring consumers do not fall into debt traps."

Janet Marguia, President, UnidosUS. [43]

"We don't want our families in any way vulnerable to the abuse payday lenders carry out – trapping people with little money into cycles of debt that put them into ever worse situations."

Lisa Hasegawa, Executive Director of the National Coalition for Asian Pacific American Community Development[44]

Rhode Island can and must address the harms of predatory payday lending in its communities. In fact, Rhode Island can look to its own history for the solution. For the bulk of the state's history, Rhode Island enforced a rate cap of no greater than 36% annually for lenders. The payday lenders are unique in the state in their ability to charge rates of 260% annually due to an exclusive carve-out they pushed for themselves in 2001. Rhode Island should repeal the ability of payday lenders to charge the high rates and restore a maximum limit of 36%.

In choosing this path of enacting a rate cap, Rhode Island would join 15 states plus the District of Columbia that enforce caps at about 36% or less.[45] Today, those states collectively save their residents over $2.2 billion annually in fees that would otherwise be paid to payday lenders for high-cost loans.[46] In enacting a rate cap of 36% for payday loans, Rhode Island would also be in alignment with protections in place for active duty military. In 2006, upon the finding by the U.S. Department of Defense that predatory lending "undermines the military readiness,"[47] Congress enacted with bi-partisan support a 36% rate cap for consumer credit, including payday loans, to active duty military. Importantly, today, this protection extends to payday loans regardless of loan term or size.[48]

With the protection of a 36% rate cap in place, people have other options to navigate financial shortfalls that do not sink them into a spiraling debt trap.[49] Access to credit is most appropriately construed broadly. Households with lower credit scores are served by a range of credit products—credit cards—even subprime cards are far cheaper than a payday loan; pawn, which is typically cheaper than payday loans and offers an exit strategy (forfeiture of the item) if the borrower cannot repay; small loans from credit unions; payment plans from utility companies. In fact, rather than providing a productive source of credit that meets consumers' credit needs, unaffordable payday loans generate their own demand—80% of payday loans are taken out to repay a prior payday loan. And the 90 million Americans living in states without payday lending deal with cash shortfalls without unaffordable payday loans and the harms they cause. Despite payday lenders' claim to the contrary, states with rate caps do not experience higher rates of online lending than those with payday loans.[50]

It is also important to understand how proposals by payday lenders and others are not the solution to the debt trap. The U.S. Department of Defense provides a good summary of these ineffective reforms: In states which legalize payday loans "costing over 300% APR," provisions like "mandatory databases, cooling off periods, attempts to stop rollovers and back-to-back transactions," are merely "consumer bells and whistles [that] do not stop the debt trap."[51] Because these reforms do not address the core payday loan features—high fees, short term, balloon payments, and holding a borrower's checking account as security—the cycle of debt continues. *For a detailed discussion, see Appendix A.*

Finally, Rhode Island legislators and community members must weigh in on developments at the federal level, both to protect existing consumer protections, as well as ensure that federal action does not prevent the state from enacting effective rate caps in the future. On this front, Rhode Island leaders and residents should take steps to defend the recently finalized rule by the Consumer Financial Protection Bureau that requires payday lenders to assess a borrower's ability to repay the loan.[52] The rule's implementation would significantly disrupt the payday lending debt trap in Rhode Island.

Even though the CFPB rule does not go into effect until August 2019, payday lenders are pushing members of Congress, the current Administration of the CFPB, and the courts to undue this commonsense rule. Meanwhile, proposals pending in Congress will allow payday lenders and others to partner with banks in order avoid state usury limits – S. 1642, H.R. 3299, H.R. 4439, H.R. 4861. These federal bills, pushed under the guise of providing access to credit, will simply usher in a new wave of triple-digit interest rate loans across the country, even in states which seek to prohibit them.

As Color of Change, a national racial justice organization, reminds us in a call to action, "Payday lenders are little more than legalized loan sharks - exploiting disadvantaged communities to trap them in an endless cycle of debt." Rhode Island can and must take action to promote racial and economic equality by lowering the costs of these loans from 260% to 36% annually.

Appendix A: Why other proposals do not stop the debt trap

- **Income-only assessments of ability to repay**: Provisions that require lenders to only assess whether payments exceed a certain percentage of a borrower's income do not ensure that a loan is affordable to the borrower. Most importantly, this approach fails to account for the borrower's other obligations, like rent or mortgage payments, car payments, medical bills, or other loans. Data from the CPFB show that for 12-month, fully amortizing long-term payday loans, over 60% default when the payments account for 15% to 20% of a borrower's monthly income.[53] The default rate is even as high as 40% when the payment accounts for 5% of a borrower's monthly income.[54] A coalition of over 500 civil rights, consumer, labor, faith, veterans, seniors, and community organizations from all 50 states, have expressed that an income-only approach to ability-to-repay that permits payments of up to 5% of a borrower's pay will not prevent the harm caused by unaffordable loans.[55]

- **Simply extending the loan term**: Payday lenders and others may assert that one way to make these loans safer or better for consumers is to simply extend the term of the loan, without addressing other predatory features of the loan, such as the triple-digit interest rates, lack of affordability, and access to the borrower's bank account. However, long-term payday loans are still harmful. Evidence from states and lenders with such loans show high rates of default and patterns of refinancing that masks the loan's unaffordability. One online lender that makes high-cost installment loans, Elevate, reported charged-off debt amounting to 52% of their domestic revenues in both 2016 and 2017.[56] In Colorado, customers of long-term payday loans spend up to 194 days of the year in debt, and almost one-quarter of loans defaulted in 2016.[57] Similarly, data from the CFPB show 20% of storefront payday installment loans end in default.[58] These defaults create devastating consequences for borrowers, such as bank penalty fees, nonsufficient fund (NSF) fees by the payday lenders, marred credit scores, and abusive debt collection, while lenders maintain a business model that profits even when these loans go bad.

- **Extended payment plans:** Repayment plans are often promoted by payday lenders as an alternative to real reform. However, data from states that offer these plans show that lenders rarely actually put borrowers into repayment plans. Lenders have little incentive to do so, since their business model is driven by a long-term debt trap. consumers rarely take advantage of them. Florida provides a recent example. In 2016, fewer than one half of one percent of borrowers were placed into the repayment plans offered by payday lenders.[59] In Louisiana, the extended repayment plan is similarly ineffective at stopping the payday and car title loan debt trap, as evidenced by the fact that the typical payday loan borrower is stuck in 10 loans per year.

- **Databases**: Databases are only as effective as the provisions they are intended to enforce. In most states, they are used to ensure compliance with laws that have no meaningful effect on the debt trap, such as a one-loan-at-a-time limitation, short cooling off periods, and the like. As such, data show that even in states with a database, the devastating cycle of debt persists. For example, in Florida, data from the database show that over 83% of all payday loans go to borrowers stuck in 7 or more loans a year.[60]

- **Rollover bans:** One attempted response to the long-term debt is a ban on the number of times that a payday loan can be renewed or rolled over. As the U.S. Department of Defense noted, payday lenders circumvent rollover bans by having borrowers pay off their loan and immediately take out another. In states with similar provisions, borrowers are stuck in 9 loans a year on average and payday lenders earn 60% of revenue from borrowers with 12 or more loans a year.[61]

- **Cooling off periods:** Payday lenders often propose short cooling off periods between loans. However, data from other states show that these merely delay the inevitable as borrowers must still take out another payday loan to make it through the pay period after paying back the previous loan, plus fees. In the words of one national payday lender, cooling off periods simply mean borrowers will “drive back to the store the next day.” In Florida and Oklahoma, which both have cooling-off periods and renewal bans, about half of re-opened loans in these states were taken out at the borrower’s first opportunity, and nearly 90% were made during the same pay period as the previous loan was paid off.

[1] Tanvi Misra, Demos, *Why America's Racial Wealth Gap is Really a Homeownership Gap*, (2015), http://bit.ly/2vPNSuR

[2] *See* D. Bocian, W. Li, Carolina Reid, and Roberto Quercia, Center for Responsible Lending and Center for Community Capital, *Lost ground, 2011: Disparities in mortgage lending and foreclosures*, (2011), http://bit.ly/2r3rE2B

[3] D.Bocian, P. Smith, & W.Li, Center for Responsible Lending, *Collateral Damage: The Spillover Cost of Foreclosure,* (2012), http://bit.ly/2Hyn17R

[4] D. Bocian, Center for Responsible Lending, *State of Lending: Mortgage Lending*, (2012) at page 55, http://bit.ly/2vMNUUg

[5] Housing Works RI, "2017 Housing Facts Book," (2017), http://bit.ly/2HPxUp8

[6] In 1978, the U.S. Supreme Court rules in the watershed *Marquette Nat. Bank of Minneapolis v. First of Omaha Service Corp* decision that national banks' credit cards did not have to comply with state usury laws. For more information, see Christopher Peterson, "Usury Law, Payday Loans, and Statutory Slight of Hand: Salience Distortion in American Credit Pricing Limits," Minnesota Law Review, (2008), http://bit.ly/2Hz5pNm

[7] Christopher Peterson, "Usury Law, Payday Loans, and Statutory Slight of Hand: Salience Distortion in American Credit Pricing Limits," Minnesota Law Review, (2008), http://bit.ly/2Hz5pNm

[8] Gary Rivlin, Broke, USA: How the Working Poor Became Big Business, (2010, HarperCollins Publishers), at page 78 ("The more ambitious payday companies had lawyers researching the usury laws of every state. Illinois! Illinois had no cap on the rates a lender could charge. Wisconsin! Oregon! New Mexico! And when they worked their way through the scattering of available states, they explored new frontiers with the help of the lobbyists they put on retainer.")

[9] FDIC Community Affairs Boston Area Office, "Overview of the 2009, 2011 and 2013 FDIC National Survey of Unbanked and Underbanked Households," (2014), http://bit.ly/2vQ8uCV

[10] Policy Link, "An Equity Profile of Rhode Island," (2013), http://bit.ly/2HtKZFa

[11] Id.

[12] Id.

[13] Statement on CFPB's Final Rule on Payday, Vehicle Title, and High-Cost Installment Loans, (October 5, 2017), http://bit.ly/2Hulcge

[14] R.I. Gen. Law. § 19-14.4-5.1

[15] R. I. Gen. Law. § 19-14.4-4(4)

[16] List of licensed check cashers that report payday loan activity provided by Rhode Island Department of Business and Professional Regulation (April 2018).

[17] Check 'N Go rate schedule, http://bit.ly/2JuZo0o , and Advance America rate schedule, http://bit.ly/2HPy5AO (last accessed on April 17, 2018).

[18] List of licensed check cashers that report payday loan activity provided by Rhode Island Department of Business and Professional Regulation (April 2018).

[19] D. Davis and D. Standaert, Center for Responsible Lending, *Payday and Car Title Lenders Drain $8 Billion in Fees Every Year* at Table 2, (2017) http://bit.ly/FeeDrain

[20] Consumer Financial Protection Bureau, *Payday loans and deposit advance products: A white paper of initial data findings* (2013), http://1.usa.gov/1aX9ley

[21] S. Montezemolo, *The State of Lending in America & Its Impact on US Households: Payday Lending Abuses & Predatory Practices, Center for Responsible Lending*, at 3 (2013), http://bit.ly/2HSLmc0

[22] CFPB White Paper, Payday Loans and Deposit Advance Products at 22 (2013), http://bit.ly/2vZkvq3

[23] Advance America 2011 10-K, 2010 10-K, and 2009-10-K.

[24] L. Parrish & U. King, *Phantom Demand: Short-term Due Date Generates Need for Repeat Payday Loans, Accounting for 76% of Total Loan Volume*, (2009), Center for Responsible Lending, http://bit.ly/2r1XQ6B

[25] See following research papers: B. Melzer, The Real Costs of Credit Access: Evidence from the Payday Lending Market, (2011), Oxford University Press, http://bit.ly/2I1G5fL ; B. Melzer, Spillovers from Costly Credit (2010), http://bit.ly/2JujmZe ; Agarwal, S., Skiba, P. M., & Tobacman, J., Payday loans and credit cards: New liquidity and credit scoring puzzles? NBER Working Paper (2009), http://bit.ly/2r3Lhrp ; See D. Campbell, A.S. Jerez, & P. Tufano , Bouncing Out of the Banking System: An empirical analysis of involuntary bank account closures, Harvard Business School (2011), http://bit.ly/2JwsBYK

[26] 81 Fed. Reg. at 47990.

[27] P.M. Skiba & J. Tobacman, Do Payday Loans Cause Bankruptcy? (2008) SSRN working paper, available at http://bit.ly/UhdRNJ

[28] Id.

[29] 82 Fed. Reg 54600. (27% of loan sequences that default are two or three loans long (meaning that 58 percent of defaults occur in loan sequences that are

[30] The Urban Institute, "Debt in America: An Interactive Map," (2018), https://urbn.is/2I265aV (Non-white neighborhoods are defined as over 60% of population of the census tract is non-white.)

[31] Insight Center for Community and Economic Development, *The Net Economic Impact of Payday Lending in the U.S.*, (2013), http://bit.ly/2r44GIz

[32] Quoted in Dave Anderton, "Payday lending fees add up: $3.4 billion" Deseret News (Dec. 13, 2003), http://bit.ly/2vUMXt2

[33] A CRL analysis of payday lending storefront locations in Rhode Island as of April 2018 revealed that neighborhoods with over 30% Black and Latino population and with a median household income 80 to 120% of Rhode Island's median income had 7.6 payday loan stores per 10,000 people, compared with neighborhoods in the same income bracket with less than 30% Black and Latino population had 4.5 stores per 10,000 people.

[34] W. Li, L. Parrish, K. Ernst, and D. Davis, Center for Responsible Lending, *Predatory Profiling: The Role of Race and Ethnicity in the Location of Payday Lenders in California*, (2009), http://bit.ly/2r4kVW6

[35] B. Coleman and D. Davis, Center for Responsible Lending, *Perfect Storm: Payday Lenders Harm Florida Consumers Despite State Law,* (2016), http://bit.ly/2vMPoxO

[36] Louisiana Budget Project, *Payday Lenders: Trapping Louisiana's Working Families in a Cycle of Debt*, (2011), http://bit.ly/2HB2mjH

[37] U. King, D. Davis, W. Li., Center for Responsible Lending, *Race Matters: The Concentration of Payday Lenders in African-American Neighborhoods in North Carolina*, (2005), http://bit.ly/2KkG72S

[38] Id.

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