

April 4, 2018

Dear Members of the North Carolina Congressional Delegation,

The North Carolina organizations signing this letter urge you to strongly oppose H.J. Resolution 122 and S.J. Resolution 56, measures that would repeal the Consumer Financial Protection Bureau's (Consumer Bureau's) payday rule. This measure not only repeals the rule, it also prevents the Consumer Bureau from issuing similar rules in the future, giving payday and car title lenders a free pass.

The Consumer Bureau's payday rule reins in payday and car title lending abuses by preventing these lenders from trapping consumers in an endless cycle of 300% interest debt. It is imperative that Congress oppose any effort to repeal or block this payday rule.

At its core, the Consumer Bureau's payday rule is based on the common-sense principle that lenders have a responsibility to determine whether a borrower can afford to repay the loan without getting stuck in a cycle of unaffordable debt. This principle is particularly important for high-cost loans where lenders can seize funds from the borrower's bank account or repossess their car if they default. An ability-to-repay requirement is a sensible and sound approach and a principle that, according to a recent poll of likely voters, more than 70% of Republicans, Independents and Democrats support.

This rule is the culmination of over five years of stakeholder input and extensive research demonstrating the harm caused by making loans without considering ability to repay. A large body of research has demonstrated that payday and car title loans are structured to create a long-term debt trap that drains consumers' bank accounts and causes significant financial harm, including delinquency and default; fees for overdraft and insufficient funds; increased difficulty paying mortgages, rent, and other bills; loss of checking accounts; and bankruptcy. High fees, access to a borrower's checking account or car title, and the lack of underwriting lets lenders repeatedly flip borrowers from one unaffordable loan to another. A large portion of borrowers eventually default, but often after they have paid hundreds or even thousands of dollars in fees.

The payday rule is necessary to help ensure that lenders cannot trap borrowers in a debt trap that leaves them much worse off. Repealing this rule would leave veterans, seniors, and borrowers of color at particular risk, because they are often targeted by payday lenders.

Strong state interest rate caps – as we have in North Carolina, 14 other states and the District of Columbia – are the most effective way to protect consumers from debt trap lending. After seeing the damage caused by payday loans in North Carolina, the General Assembly put an end to payday lending, making our state the first to roll back the once-legal industry. Car title loans have never been legal here.

Since the Consumer Bureau is not able to set a national rate cap, it has taken the next best step with this payday rule. This rule reins in the debt trap by focusing on the borrower's ability to repay the loan without reborrowing again and again. The Consumer Bureau's payday rule supports our strong state interest rate cap and provides critical protection in the 35 states that still have unaffordable debt trap loans.

H.J. Res. 122 and S.J. Res. 56, by repealing the Consumer Bureau's common-sense rule, would give payday lenders a free pass to continue exploiting financially vulnerable Americans. We urge you to stand against predatory lenders by voting against this measure.

For more information, please contact Donna Gallagher at the IDA and Asset Building Collaborative of North Carolina at 919.212.4267 or donna@cultureofsavings.org.

Respectfully,

NC Veterans Council

Navy-Marine Corps Relief Society, Camp Lejeune

Navy-Marine Corps Relief Society, Cherry Point

Navy-Marine Corps Relief Society, MCAS New River

Military Officers Association of America (MOAA), NC Council of Chapters

Habitat for Humanity of North Carolina, Inc.

NC NAACP

NC Council of Churches

NC Conference, United Methodist Church

Episcopal Diocese of North Carolina

Carolina Jews for Justice

NC Assets Alliance

NC Alliance for Retired Americans

NC Coalition on Aging

Credit Counseling Agencies Association of NC

Latino Community Credit Union

NC Congress of Latino Organizations

NC Rural Center

NC A. Philip Randolph Educational Fund, Inc.

NC A. Philip Randolph Institute

NC AFL-CIO

NC Association of Community Development Corporations

NC Community Development Initiative

NC Consumers Council

NC Housing Coalition

NC Justice Center

NC National Organization for Women

NC Public Interest Research Group

Reinvestment Partners

NC Public Service Workers Union-U.E. Local 150

Disability Rights NC

United Way of Greater Greensboro

Arcade Credit Union

Ecusta Credit Union

Summit Credit Union

Prosperity Now

Carolina Small Business Development Fund

Self-Help and Center for Responsible Lending

The Collaborative of NC

The Institute

Triangle Labor Council AFL-CIO

United for a Fair Economy

Charlotte Center for Legal Advocacy

Pisgah Legal Services

Financial Protection Law Center

Minority Women Health Alliance

Women AdvaNCe

Working America NC

Action NC

Alexander County Habitat for Humanity

Alliance Credit Counseling

Ashe County Habitat for Humanity

Asheville Habitat for Humanity

Atkinson Collaborative Enterprise

Baptist Peace Fellowship

BPFNA~Bautistas por la Paz

Cape Fear Habitat for Humanity

CCCS of Greater Greensboro

CCCS of WNC, Inc. DBA OnTrack Financial Education & Counseling

Cedar Grove Institute for Sustainable Communities

Center for Financial Social Work

Centre for Homeownership & Economic Development

Chatham Habitat for Humanity

Children First/Communities In Schools of Buncombe County

Common Wealth Charlotte
Community Empowerment Fund
Community Link
Community Management Corporation
Durham Congregations, Associations, and Neighborhoods (CAN)
Durham Regional Financial Center
Eastern Carolina Board of Realtist
Elizabeth City Habitat for Humanity
Empowerment Resource Center of Asheville/Buncombe, Inc.
Experiment In Self Reliance (ESR)
Fayetteville Area Habitat for Humanity
Financial Pathways of the Piedmont
Habitat for Humanity Cabarrus County
Habitat for Humanity of Catawba Valley
Habitat for Humanity of Cleveland 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
Habitat for Humanity of Greater Greensboro
Habitat for Humanity of Lincoln County, NC
Habitat for Humanity of Randolph County
Habitat for Humanity of Stokes County
Habitat for Humanity of Wake County
Habitat for Humanity, Orange County, NC
Henderson County Habitat for Humanity
Mitchell-Yancey Habitat for Humanity
Person County Habitat for Humanity
Prosperity Unlimited, Inc.
Rebuilding Broken Places Community Development Corporation (CDC)
Salisbury Community Development Corporation (CDC)
Samaritan Ministries
Shaw University Divinity School
Superior Consumer Advocacy Network
Upper Yadkin Valley Habitat for Humanity
Watauga Valley Habitat for Humanity
Winston Salem Forsyth County Asset Building Coalition