

July 10, 2014

The Honorable Matthew Cartwright
United States House of Representatives
Longworth 1419
Washington, DC 20515

Re: Protecting Consumers from Unreasonable Credit Rates Act of 2014

Dear Rep. Cartwright:

Thank you for introducing the “Protecting Consumers from Unreasonable Credit Rates Act of 2014,” which would establish a federal 36 percent APR usury cap. A fair rate cap will protect consumers and curb abuses in the high-cost small dollar loan market. The 36 percent rate cap set by your legislation would allow responsible lenders to continue to serve consumers with less-than-perfect credit and encourage lenders to establish meaningful ability to repay standards.

Currently, consumers pay triple-digit rates for car title and short- and long-term payday loans. A growing body of research has demonstrated that the use of these products often leads to a long-term debt trap. The lack of ability to repay standards, high fees and direct access to a borrower’s checking account as collateral ensure that too many borrowers have no choice but to take out additional loans to pay off the initial payday or car title loan. A federal usury cap puts all creditors on a level playing field without undermining additional state consumer protections.

We enthusiastically support the Protecting Consumers from Unreasonable Credit Rates Act of 2014. For more information, please contact Tom Feltner, director of financial services at the Consumer Federation of America at (202) 618-0310 or tfeltner@consumerfed.org.

Sincerely,

Alabama Appleseed Center for Law and Justice
Alabama Arise
Americans for Financial Reform
Arkansans Against Abusive Payday Lending
Baltimore Jewish Council
California Reinvestment Coalition
Center for Economic Justice
Center for Responsible Lending
Coalition of Religious Communities
Connecticut Association for Human Services
Consumer Action
Consumer Assistance Council of Cape Cod and the Islands
Consumer Federation of America
Consumer Federation of California
Georgia Watch
GRO Missouri
Jesuit Social Research Institute at Loyola University
Kentucky Equal Justice Center
Maryland Cash Campaign
Maryland Consumer Rights Coalition
NAACP

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National Association of Consumer Advocates
National Consumer Law Center
National People's Action
New Economy Project
North Carolina Consumers Council
Public Citizen
Reinvestment Partners
South Carolina Appleseed Legal Justice Center
Southwest Center for Economic Integrity
Virginia Citizens Consumer Council
Woodstock Institute