Center for Responsible Lending
Americans for Financial Reform Education Fund
Consumer Federation of America
Leadership Conference on Civil and Human Rights
League of United Latin American Citizens (LULAC)
NAACP
National Association for Latino Community Asset Builders
National Coalition for Asian Pacific American Community Development (National CAPACD)
National Consumer Law Center (on behalf of its low income clients)
UnidosUS
U.S. PIRG

Comments to the Consumer Financial Protection Bureau
Proposed Rule on Payday, Vehicle Title, and Certain High-Cost Installment Loans;
Delay of Compliance Date
12 CFR Part 1041
Docket No. CFPB-2019-0007
RIN 3170-AA495

March 18, 2019

Submitted electronically to https://www.regulations.gov
Comment Intake
Consumer Financial Protection Bureau
1700 G Street NW
Washington, DC 20552

The **Center for Responsible Lending** (**CRL**) is a nonprofit, non-partisan 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, one of the nation's largest nonprofit community development financial institutions. Over 37 years, Self-Help has provided over $7 billion in financing through 146,000 loans to homebuyers, small businesses, and nonprofits. It serves more than 145,000 mostly low-income members through 45 retail credit union locations in North Carolina, California, Florida, Greater Chicago, and Milwaukee.

Americans for Financial Reform Education Fund (**AFREF**) works in concert with a coalition of more than 200 consumer, investor, labor, civil rights, business, faith-based, and community groups to lay the foundation for a strong, stable, and ethical financial system. Through policy analysis, public education, and outreach, AFREF works for stronger consumer financial protections and against predatory practices.

The Consumer Federation of America is a nonprofit association of more than 250 national, state and local consumer groups that was founded in 1968 to advance the consumer interest through research, advocacy, and education. For over 50 years CFA has been at the forefront of consumer protection with a broad portfolio of issues including product safety, banking, telecommunications, investor protection, energy, housing, insurance, privacy and saving. CFA's non-profit members range from large organizations such as Consumer Reports and AARP, to small state and local advocacy groups and include unions, co-ops, and public power companies.

The **Leadership Conference on Civil and Human Rights** is a coalition charged by its diverse membership of more than 200 national organizations to promote and protect the civil and human rights of all persons in the United States. Through advocacy and outreach to targeted constituencies, The Leadership Conference works toward the goal of a more open and just society - an America as good as its ideals. The Leadership Conference is a 501(c)(4) organization that engages in legislative advocacy. It was founded in 1950 and has coordinated national lobbying efforts on behalf of every major civil rights law since 1957.

The Mission of the **League of United Latin American Citizens** (**LULAC**) is to advance the economic condition, educational attainment, political influence, housing, health and civil rights of the Hispanic population of the United States.

Founded in 1909, the **National Association for the Advancement of Colored People** (hereinafter **NAACP**) is our nation's oldest, largest and most widely known grassroots civil rights organization. The principal objectives of NAACP are to ensure the political, educational, social and economic equality of all citizens; to achieve equality of rights and eliminate racial prejudice among the citizens of the United States; to remove all barriers of racial discrimination through democratic processes; to seek enactment and enforcement of federal, state and local laws securing civil rights; to inform the public of the adverse effects of racial discrimination and to seek its elimination; to educate persons as to their constitutional rights and to take all lawful action to secure the exercise thereof.

National Association for Latino Community Asset Builders (**NALCAB**) represents and serves a geographically and ethnically diverse group of more than 120 non-profit community development and asset-building organizations that are anchor institutions in our nation's Latino communities. Members of the NALCAB Network are real estate developers, business lenders, economic development corporations, credit unions, and consumer counseling agencies, operating in 40 states and DC.

National Coalition for Asian Pacific American Community Development (**National CAPACD**) is a progressive coalition of local organizations that advocate for and organize in low-income AAPI communities and neighborhoods. We strengthen and mobilize our members to build power nationally and further our vision of economic and social justice for all. Our members include more than 100 community-based organizations in 21 states and the Pacific Islands. They implement innovative affordable housing, community development and community organizing strategies to improve the quality of life for low-income AAPI communities.

Since 1969, the nonprofit **National Consumer Law Center**® (**NCLC**®) has used its expertise in consumer law and energy policy to work for consumer justice and economic security for low-income and other disadvantaged people, including older adults, in the United States. NCLC's expertise includes policy analysis and advocacy; consumer law and energy publications; litigation; expert witness services, and training and advice for advocates. NCLC works with nonprofit and legal services organizations, private attorneys, policymakers, and federal and state government and courts across the nation to stop exploitive practices, help financially stressed families build and retain wealth, and advance economic fairness.

UnidosUS, previously known as NCLR (National Council of La Raza), is the nation's largest Hispanic civil rights and advocacy organization. Through its unique combination of expert research, advocacy, programs, and an Affiliate Network of nearly 300 community-based organizations across the United States and Puerto Rico, UnidosUS simultaneously challenges the social, economic, and political barriers at the national and local levels. For 50 years, UnidosUS has united communities and different groups seeking common ground through collaboration, and that share a desire to make our country stronger.

The United States Public Interest Research Group, Inc. (**U.S. PIRG**) is an independent, non-partisan organization that works on behalf of consumers and the public interest. Through research, public education, outreach, and litigation, it serves as a counterweight to the influence of powerful special interests that threaten the public's health, safety, or well-being.

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1. INTRODUCTION

> *Arthur, a 69-year-old warehouse worker and grandfather of seven, started with a loan of $200 from Advance America. The loan eventually increased to $300. Every payday, rather than defaulting or coming up short on bill money, Arthur went into the Advance America store and paid a fee of $52.50 so Advance America would not deposit his check for the full loan amount. Advance America flipped the loan over a hundred times, until his total interest paid was an estimated $5,000. The clerks knew him by name and often had his paperwork ready for him when he came in.*
>
> *Payday lenders have a name for consumers they see every payday: "26ers"—because they pay up every two weeks, 26 times a year. In Arthur's case, they saw him once a month rather than every two weeks, but only because his repayment came from his monthly Social Security check.*[1]

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> *Alicia and Clinton Lummus of Conyers, Georgia, took out a $525 car title loan after injuries forced them both to stop working. Over eight months, they made payments totaling $1,056—more than twice the amount borrowed—but ultimately fell behind on payments. The lender then repossessed the vehicle, worth $14,000—and was able to keep any excess money from the sale of the vehicle, since Georgia law allows the lender to do so.*[2]

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We, the consumer and civil rights groups named above, write to strongly oppose the proposed delay of the Consumer Financial Protection Bureau's (CFPB or the Bureau) rule to establish ability-to-repay requirements for payday and vehicle title loans (the "Ability-to-Repay (ATR) Rule" or "the Rule") ("Delay Proposal").[3]

The Ability-to-Repay Rule marked the culmination of over five years of extensive information gathering and data analysis by the Bureau.[4] The administrative record for the Rule provides mountains of evidence that the practice of making a payday or car title loan without a determination of the borrower's ability to repay is an "unfair" and "abusive" practice under the Consumer Financial Protection Act. The Bureau has offered no compelling rationale to delay the Rule's compliance date of August 19, 2019.

As currently provided, payday and vehicle title loans are debt traps by design. The lender takes control of a coercive payment device—access to the borrower's bank account or the title to their car. They

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[1] Appendix A, #1. Loan documents and notes from conversation with borrower on file with CRL.

[2] Appendix A, #102. *See S*. Kirchhoff, *Some consumers run into big problems with auto title lending*, USA Today, available at http://usat.ly/124EbDR.

[3] CFPB, Payday, Vehicle Title, and Certain High-Cost Installment Loans, Delay of Compliance Date, Proposed Rule, 84 Fed. Reg. 4298 (Feb. 14, 2019) ("Delay Proposal").

[4] CFPB, Payday, Vehicle Title, and Certain High-Cost Installment Loans, Final Rule, 82 Fed. Reg. 54472 (Nov. 17, 2017) ("Final Rule"). *See* 82 Fed. Reg. at 54503 *et seq*. (Summary of the Rulemaking Process).

make a loan due in full, typically on the borrower's next payday.[5] The borrower is typically unable to afford the loan, plus the high fee. As a result, the borrower is left with three options, all of them harmful: take out a new (unaffordable) loan to repay the loan,[6] default on the loan, or repay the loan and default on other obligations or expenses. The vast majority of the loans payday lenders make—more than four out of five—are made within 30 days of a prior loan,[7] indicating the prior loan was unaffordable from the start.

The payday and vehicle title business model, then, is not about providing access to productive credit or bridging a short-term financial shortfall. It is about flipping a borrower from one unaffordable loan to another for, the lenders hope, a very long time. And the lenders are good at this: Three-fourths of their revenue comes from borrowers stuck in more than 10 loans in a year.[8]

The following graphic from the Bureau's enforcement action against ACE Cash Express illustrates the business model—a literal cycle of borrowing and reborrowing. The lender makes the so-called "short-term" loan, the customer "does not have the ability to pay," the lender "contacts the customer for payment or offers the option to refinance or extend the loan," and the borrower remains indebted until the next time around. Repeat. And repeat again.

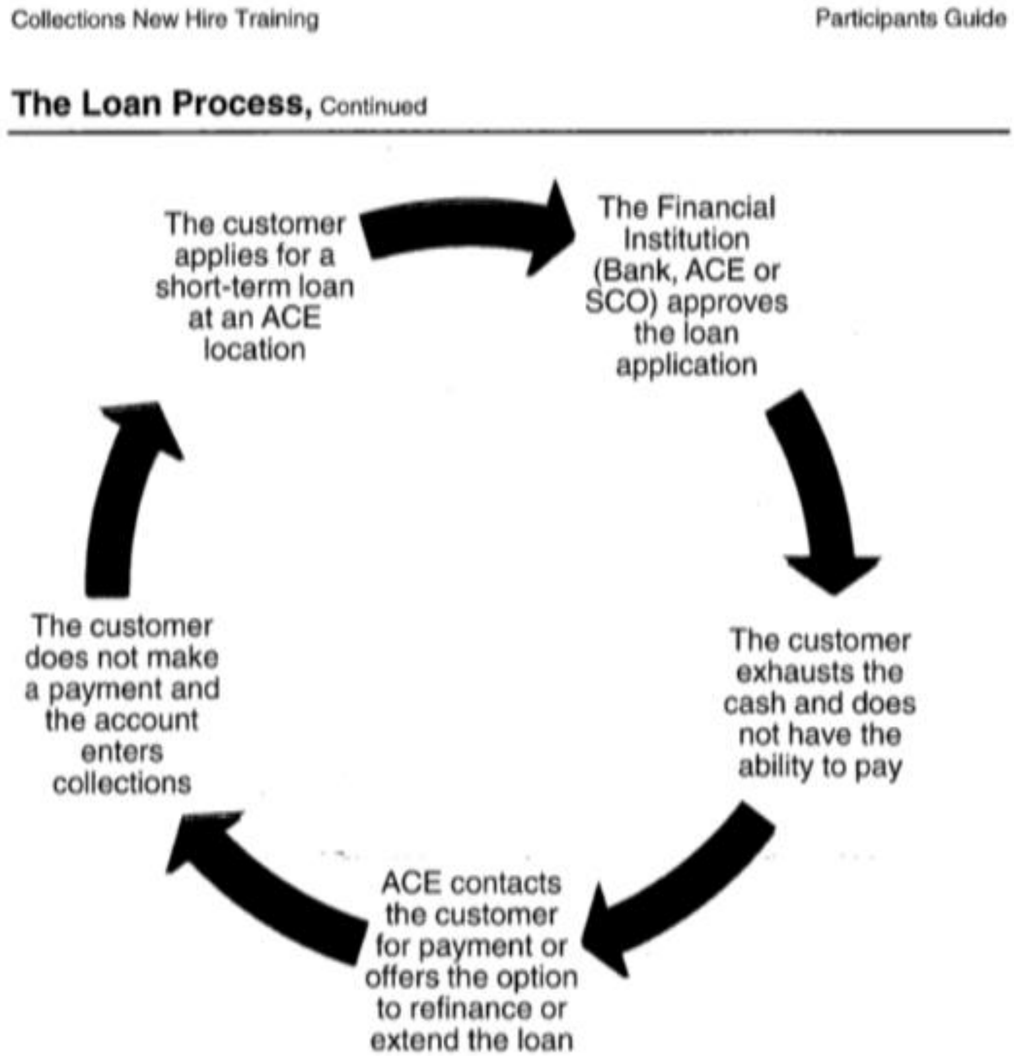
(see graphic on following page)

[5] For discussion of how unaffordable longer-term payday and vehicle title loans can trap people in larger and longer cycles of debt, *see* Comments of CRL, NCLC, and additional consumer and civil rights groups on CFPB, Payday, Vehicle Title, and Certain High-Cost Installment Loans, Proposed Rule at 165 *et seq*., Oct. 7 2016, https://www.responsiblelending.org/research-publication/comment-cfpbs-proposed-rule-payday-and-car-title-lending ("CRL, NCLC, et al. Comments on 2016 Proposed Rule").

[6] The borrower may also pay a "rollover fee" to extend the term of the loan.

[7] *See* 82 Fed. Reg. at 54577 (citing CFPB, Supplemental Findings on Payday, Payday Installment, and Vehicle Title Loans, and Deposit Advance Products (2016), https://www.consumerfinance.gov/data-research/research-reports/supplemental-findings-payday-payday-installment-and-vehicle-title-loans-and-deposit-advance-products/ ("CFPB 2016 Supplemental Findings")); CFPB 2016 Supplemental Findings at 103.

[8] CFPB, White Paper: Payday Loans and Deposit Advance Products (Apr. 2013), at 22, https://files.consumerfinance.gov/f/201304_cfpb_payday-dap-whitepaper.pdf ("CFPB 2013 White Paper").


Collections New Hire Training | Participants Guide

The Loan Process, Continued

Unaffordable payday and vehicle title loans severely harm the communities we represent. "Debt trap" has become a common way to describe these products, and appropriately so. Yet the label's prevalence must not desensitize us to the profound pain—financial, psychological, emotional, physical—that the debt trap often inflicts upon those stuck in its grip. This harm can pervade every aspect of a person's finances, every facet of a person's life. Often, the person's family members experience the harm, too. The debt trap, in the words of those who have been there, is a "living hell."[9]

Payday lenders claim that their product provides needed access to credit. And the Bureau's Delay Proposal suggests that such access should be considered a benefit of delaying the Rule. But both fail to

[9] *See*, *e.g.*, Diane S. Williams, *Getting Out of the Debt: Part 2 of a series*, Public Employee Press, District Council 37 (quoting a payday loan borrower who asked not to be identified), http://www.dc37pep.net/news/PEP/3_2012/420_payday_loan.html. Additional examples on file with CRL.

acknowledge that most of the credit payday and vehicle title lenders claim they provide is the result of one original unaffordable loan churned over and over again. It's not new credit to the borrower or to the broader economy. Put another way, payday and vehicle title loans create their own demand: By far the most common reason a borrower takes out a payday or vehicle title loan is to repay the prior unaffordable loan.

The data are clear that any economic benefit from recycled credit resulting from unaffordable loans is outweighed by the harms caused by the cycle of debt. But the Bureau fails to acknowledge this as well, instead focusing its Delay Proposal almost entirely on the benefits to lenders of delay. The Bureau does this even though it never—in the Delay Proposal nor the proposed repeal—disputes the harms of the debt trap. Loans that have no ability-to-repay determination nor meet the requirements of the ATR Rule's conditional exemption are especially likely to cause the harms discussed throughout our comments. A delay—for which the Bureau has failed to provide any compelling basis—would allow these loans, and the harms they cause, to continue.

Key points:

- **Delay of the Ability-to-Repay Rule would inflict profound financial and psychological harm on consumers, particularly communities of color and those on a fixed income.**
- **In seeking to delay the 2017 Rule, the Bureau may not sweep away the ample evidence of harm that is part of the administrative record from that rule.**
- **Reconsideration of the rule is not an adequate basis for delay, and, in any event, the Bureau offers no compelling basis for repeal.**
- **The proposal fails to point to any real "unanticipated" "obstacles" that would justify delay.**
- **The Bureau's RFA certification, which claims no significant impact on small businesses, is inconsistent with its rationale for delay.**

2. DELAY OF THE ATR RULE WOULD INFLICT PROFOUND FINANCIAL AND PSYCHOLOGICAL HARM ON CONSUMERS, PARTICULARLY COMMUNITIES OF COLOR AND THOSE ON A FIXED INCOME.

Payday and vehicle title loans made without a determination of the borrower's ability to repay cause severe harm—a fact overwhelmingly supported by the ATR Rule and not disputed by the Proposed Delay or Reconsideration.

2.1. Delay of ATR Rule Will Clearly Cause Severe, Irreparable Harm, with Impacts for Years into the Future.

There is simply no question that delay of the ATR Rule will cause severe, irreparable harm to consumers. All the harms noted in Sections 2.2-2.4 below, which would be significantly curbed by the ATR Rule, will continue unfettered for 15 months should this Delay Proposal be finalized. And because we know many of these harms are long-lasting, spiraling, or both, the harms many individuals and families experience as a result of a 15-month delay will be felt years into the future.

Importantly, the harm to consumers of loans made without an ability to repay determination—and thus the harm of a delay of the ATR rule—is already established by the ATR Rule and the administrative record supporting it. As discussed later in section 3, the Bureau attempts to sidestep this reality now, but it may not legally do so.

One component of the harm to consumers that a delay will cause—though only one component—is the fees that borrowers will pay to lenders on unaffordable loans that would not be permitted under the ATR Rule. The Delay Proposal illustrates the magnitude of harm to consumers, through its estimate of the benefit of delay to lenders. The Bureau estimates that delay will result in increased revenue for lenders between $4.25-$4.5 billion for payday loans, and $4.9-$5.1 billion for vehicle title loans, or about $9 billion total.[10]

The Delay Proposal protects the interest of the lenders by describing these fees only as lost revenue. It never acknowledges that the inverse of revenue to lenders is expense to consumers, much less, in this case, generally expense to consumers of loans that the ATR Rule would curb in light of harms related to inability to repay.[11] The tremendous expense to borrowers generated by unaffordable loans is merely one component of the vast, spiraling harms caused by unaffordable payday and vehicle title loans.

Another example of profound harm is car repossession. Based on the Bureau's data that one in five vehicle title loan sequences involve a repossession, CRL estimates that approximately 425,000 vehicles will be repossessed by title lenders during a 15-month delay.[13] That's the approximate population of Minneapolis.[14]

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[10] *See* 84 Fed. Reg. at 4303.

[11] Sixty percent of this projected reduction in revenue is due to the ATR requirements, and 40% due to principal reduction on the second and third loans in a sequence under the step-down approach. *See* 82 Fed. Reg. at 54827. Both approaches aim to protect borrowers from the harms associated with unaffordable loans. *See* 82 Fed. Reg. at 54698.

[13] The ATR Rule cited an FDIC survey in which 1.7 million households reported taking out a vehicle title loan during the twelve months preceding the June 2015 survey. 82 Fed. Reg. 54491 (citing FDIC, 2016 Unbanked and Underbanked Survey). CFPB research found that one of every five single-payment vehicle title loan sequences, or 20%, includes a repossession. 82 Fed. Reg. at 54555; CFPB Single-Payment Vehicle Title Lending at 23 (using 30-day definition of loan sequence). Using a conservative assumption of one loan sequence per household, we arrive at 340,000 repossessions over 12 months (1.7 million * 20%) or 425,000 over 15 months (1.7 million * 20% * 1.25).

Note: The FDIC survey did not specify short-term vehicle title loans versus longer-term installment vehicle title loans. 82 Fed. Reg. 54491, n.195. The majority of vehicle title loans have a 30-day term. Pew, Auto Title Loans (2015), at 11. Others are longer-term with balloon payments that would make them subject to the ATR Rule. *See* 82 Fed. Reg. 54490, n.179. Even assuming that a full half of the 1.7 million households had longer-term car title loans without balloon payments, and did not have loans subject to the ATR Rule—an extremely conservative assumption—a delay in the rule would cause 212,500 repossessions.

[14] U.S. Census Bureau (showing estimated population for Minneapolis of 422,331 as of July 2017), https://www.census.gov/quickfacts/minneapoliscityminnesota.

2.2. Loans Made Without an Ability-to-Repay Determination Cause Severe Harm.

Unaffordable payday and vehicle title loans cause substantial harm. The ATR Rule identified and described this harm at length, finding that many borrowers are harmed severely.[15] The Bureau describes the harms caused by unaffordable payday and vehicle title loans as including: (1) harms caused by reborrowing; (2) harms stemming from delinquency and default, including bank overdraft and non-sufficient funds fees and account closure; and (3) harms stemming from default avoidance, including foregoing basic living expenses and major financial obligations.[16]

The data demonstrating the reborrowing and default patterns caused by lenders' failure to determine ability to repay are, again, clearly laid out in the ATR Rule. The data below are from the Bureau's own studies; we note that the Bureau also cited to broadly consistent findings from third-party research or other industry data. And we note that the Bureau disputes none of these findings today.

(see chart on following page)

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[15] *See* 82 Fed. Reg. at 54554 *et seq*. (discussing Market Concerns—Underwriting); 82 Fed Reg. at 54583 *et seq.* (discussing the application of "unfair" and "abusive."

[16] *See* 82 Fed. Reg. at 54591.

Summary Data Demonstrating Lending Without Regard to Ability-to-Repay

	Short-term Payday	Short-term Vehicle Title
Repeat loans:		
-% of loans reborrowed within 30 days	82%[17]	85%[18]
-loan sequence length	33% are 7+ loans; 24% are 10+ loans;[19]	56% are 4+ loans; 23% are 10+ loans[20]
Default rates, loan sequence (proxy for per borrower)	20%[21]	33%[22]
Repossession, loan sequence (proxy for per borrower)	n/a	20%[23]

The ATR Rule cites to similar findings by others for repeat short-term payday loans;[24] repeat short-term vehicle title loans;[25] and loan sequence default rates for each type of loan.[26] The Bureau explains that

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[17] *See* 82 Fed. Reg. at 54577 (citing CFPB, Supplemental Findings on Payday, Payday Installment, and Vehicle Title Loans, and Deposit Advance Products (2016), https://www.consumerfinance.gov/data-research/research-reports/supplemental-findings-payday-payday-installment-and-vehicle-title-loans-and-deposit-advance-products/ ("CFPB 2016 Supplemental Findings")); CFPB 2016 Supplemental Findings at 103.

[18] 82 Fed. Reg. at 54615 (citing CFPB, Single-Payment Vehicle Title Lending (2015), https://www.consumerfinance.gov/data-research/research-reports/single-payment-vehicle-title-lending/); CFPB, Single-Payment Vehicle Title Lending at 10.

[19] 82 Fed. Reg. at 54565 (citing CFPB 2016 Supplemental Findings); CFPB 2016 Supplemental Findings at 125 (using 30-day definition of loan sequence).

[20] 82 Fed. Reg. at 54566; CFPB Single-Payment Vehicle Title Lending at 12 (using 30-day definition of loan sequence).

[21] *See* 82 Fed. Reg. at 54573, 54616 (using 30-day definition of loan sequence, with 69% of these defaults occurring in loan sequences where the borrower has reborrowed at least once) (citing CFPB 2016 Supplemental Findings).

[22] 82 Fed. Reg. at 54555; CFPB Single-Payment Vehicle Title Lending at 23 (using 30-day definition of loan sequence).

[23] 82 Fed. Reg. at 54555; CFPB Single-Payment Vehicle Title Lending at 23 (using 30-day definition of loan sequence).

[24] 82 Fed. Reg. at 54484.

[25] 82 Fed. Reg. at 54556.

[26] 82 Fed. Reg. at 47930 54573 (short-term payday); 82 Fed. Reg. 47991 (short-term vehicle title).

at the loan level, its repossession rates are fairly similar to those reported by the industry or state regulators. It explains that reporting repossessions at the loan sequence level is the appropriate indicator of harm because it reflects the borrower's experience.[27]

Notably, delinquency and default are often the last sign of a borrower's inability to repay a loan to become visible, due to three circumstances combined: (1) the lender's ability to extract repayment; (2) the typical timing of the payment to coincide with the borrower's payday, ahead of the borrower's other obligations and expenses and when a borrower's funds are likely at their highest; and (3) the significant chance that the bank will pay the transaction, through overdraft, despite nonsufficient funds.[28] Thus, lack of ability to repay is often evidenced by long sequences of loans or collateral harms, including inability to afford other obligations and expenses.

We discuss further each of the three categories of harms below. In addition, **Appendix A** to these comments describes over 100 borrower experiences with payday or vehicle title loans. Each is coded according to the categories of harm the loan has caused; in most cases, a single loan or loan sequence causes harms in more than one category.

2.2.1. Harm from long-term indebtedness in unaffordable payday and vehicle title loans.

The ATR Rule identified the harm of long-term indebtedness in high-cost loans, even when those loan sequences do not result in default. It cited the harm of "exceedingly long loan sequences,"[29] as well as those that are relatively shorter,[30] and particularly when there is not substantial reduction of principal despite paying high costs over an extended period of time.[31]

It is now well established that long payday and vehicle title loan sequences are the norm. Unaffordable loans trap borrowers in debt, where they effectively pay fee after fee with no meaningful reduction in principal. This often inescapable debt cycle, powered by the lender's control of a coercive payment device, drains significant funds from every paycheck, often hundreds or thousands of dollars over time. Trapped in debt, consumers experience financial distress and also often experience negative health impacts, including severe psychological and emotional distress and the physical consequences associated with stress and anxiety.

Below are two of the borrower experiences from Appendix A that illustrate harm from long-term indebtedness in unaffordable payday and vehicle title loans:

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[27] *See* 82 Fed. Reg. at 54574.

[28] A Bureau study observed that the first time a payment was presented, 6% succeeded only because the depository institution authorized an overdraft. On the second attempt, 10% went through only for this reason. CFPB, Online Payday Loan Payments (April 2016), at 13, Table 1. https://www.consumerfinance.gov/data-research/research-reports/online-payday-loan-payments/.

[29] 82 Fed. Reg. at 54589.

[30] *Id.*

[31] *See* 82 Fed. Reg. at 54592.

A San Antonio family requested assistance from their church in developing a household budget and becoming financially independent. In the course of developing a budget, the church deacon discovered that the family would be able to live within their means except for one item of debt that was dragging them down: a $700 payday loan they had taken out roughly four months earlier to help with a rent payment on their home. The terms of the loan: $200 every two weeks was automatically deducted from the husband's bank account and timed with the deposit of his paycheck. This $200 did not reduce the original amount of the loan. It merely allowed for the $700 principal to roll-over until the next pay-period. In the course of the four months the family had maintained this loan, they had rolled the principal over nine times—at a cost of $1,800. Now, as they approached the church again for help, they needed help to pay their rent or face eviction.[32]

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Wilma A. Ruby entered into a total of 33 payday-loan agreements with Cashnet, Inc., d/b/a Cash Advance Centers, beginning in March 2005. The amount of the loan increased over time, starting at $200 and reaching $500. Typically, Wilma paid $575.00 (interest of $15 per $100) in cash to Cashnet and then would immediately enter into another payday loan agreement with Cashnet for $500. This cycle continued until November 2007, when Ruby entered into her final loan agreement with Cashnet for $500, which she could not repay. The Virginia Supreme Court noted: "With a fixed income of only $624.00 per month, Ruby could not afford to repay in full her loan with Cashnet and meet her monthly expenses. Thus, each time she repaid in full one loan, she immediately had to obtain another, usually for the same or a greater amount." In Ms. Ruby's words: "After I did it I had to because I couldn't -- I had to keep paying it because I couldn't get away. I had my rent to pay and my lights and my phone and if I didn't, if I didn't, if I didn't, I wouldn't be able to pay my rent and stuff."[33]

2.2.2. Harm from delinquency and default.

The ATR Rule also identified the harm stemming from delinquency and default.

Visible delinquency and default are two concrete ways to measure the unaffordability of payday loans, and, as discussed below, the harm they cause is clear. Direct harms from delinquency and default include (1) lender fees for bounced and late payments; (2) bank fees for bounced payments; (3) loss of one's checking account; (4) aggressive debt collection tactics; and (5) for vehicle title loans, repossession of one's car. As discussed in the next section, there are also a number of indirect harms.

The ATR Rule described the Bureau's quantification of bank fees triggered when funds were insufficient on longer-term loans, as well as subsequent lost bank accounts. It found that about half of borrowers paid a nonsufficient funds (NSF) or overdraft fee.[35] These borrowers paid an average of $185 in such

[32] Appendix A, #21. Catherine Parks, *Texas Pastor: Payday Loan Reform Isn't a Distraction. It's a Christian Duty*, Christianity Today, http://www.christianitytoday.com/local-church/2016/july/texas-pastor-payday-loan-reform-isnt-distraction-its-christ.html.

[33] Appendix A, #64. *Ruby v. Cashnet, Inc.*, 281 Va. 604, 607, 708 S.E.2d 871 (2011), https://www.consumeradvocates.org/sites/default/files/CashnetVRuby.pdf

[35] 82 Fed. Reg. at 54725 (citing CFPB, Online Payday Loan Payments at 10-12).

fees,[36] while 10% paid at least $432.[37] It further found that 36% of borrowers with a bounced payday payment later had their checking accounts closed involuntarily by the bank.[38] The ATR Rule noted that other borrowers close their accounts themselves as it seems the only way to stop the payday lender's collection attempts.[39]

CRL's 2015 study of checking account activity supports the Bureau's findings. One-third of borrowers experienced at least one incident in which their account was overdrawn on the same day that the payday lender withdrew a payment,[40] even though the payment itself did not bounce. For these borrowers, their banks honored the payday lender's debit, but the bank charged an overdraft fee for that payment and/or other debits paid during the day. CRL terms these overdrafts "invisible defaults" because, from the payday lender's perspective, they are a successful payment, even while they signal distress for the borrower. CRL's study further found that nearly half of payday borrowers incurred an overdraft or NSF fee in the two weeks after a payday loan transaction, and 64% paid overdraft or NSF fees at some point.[41]

The ATR Rule also described the Bureau's finding that payday and vehicle title loan borrowers are often subject to "often aggressive and psychologically harmful"[42] debt collection practices, which can jeopardize employment and future earnings and "cause psychological distress and anxiety for borrowers who are already under the strain of financial pressure."[43] The ATR Rule cited as examples "harmful and harassing conduct, such as repeated phone calls from collectors to the borrower's home or place of work, the harassment of family and friends, and in-person visits to consumers' homes and worksites."[44] The ATR Rule noted that more than 11% of all debt collection-related complaints the Bureau had received were related to payday loans.[45]

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[36] *Id*.

[37] *Id.*

[38] 82 Fed. Reg. at 54726 (citing CFPB, Online Payday Loan Payments).

[39] 82 Fed. Reg. at 54573.

[40] Susanna Montezemolo & Sarah Wolff, *Payday Mayday: Visible and Invisible Payday Lending Defaults*, Center for Responsible Lending (2015), at 7, http://www.responsiblelending.org/research-publication/payday-mayday-visible-and.

[41] *Id.* at 10; *see* 82 Fed. Reg. 54838, n.1200.

[42] 82 Fed. Reg. at 54555.

[43] 82 Fed. Reg. at 54574.

[44] *Id*.

[45] There are about 12 million payday loan borrowers annually, which is significantly lower than for some other products, like credit cards. The Bureau has noted that, for payday loans generally, once normalized to account for in comparison to other products, the Bureau has received complaints about payday loans at a per borrower rate more than twice as high as for credit cards. 82 Fed. Reg. 54483.

One borrower, Joylynn, whose experienced is included in Appendix A, describes it this way:

> *"It was either [default on her loan] or not pay my rent that month," she says. "It was horrifying. They tell you any and everything to get you to come in and pay for the check that didn't clear. They'll tell you, 'You're a criminal, you wrote a bad check. That's against the law, it's a felony, you're going to jail.' They call all of your references and your job. It's horrifying. I felt so suffocated. It felt as if I was in this black hole that I just couldn't get out of . . . . Every time the phone rang [at work], I'd jump like I was the next one in a horror movie to be taken out. I'd fear they'd come to my house because I'd known them to go to people's houses before. I felt guilty just putting gas in my tank. I felt guilty buying food. I felt as though any money I got should be going to the payday lenders and collection agencies to get them off my back."*[46]

CFPB enforcement actions illustrate the harmful debt collection practices of many payday and vehicle title lenders.[47] Though enforcement actions may continue to address some tactics, and future rulemakings may address debt collection practices as well, the ATR Rule described aggressive collection practices as "a natural consequence of the harms that consumers experience from receiving unaffordable loans that they are unable to repay."[48] These harms would continue largely unabated for an additional 15 months if the ATR rule is delayed. Yet they get no discussion in the Delay Proposal.

In addition, vehicle title borrowers have their cars repossessed astounding rates. The Bureau's data show approximately one in five borrowers experience a repossession. The ATR Rule appropriately described the harm from losing one's car as "dire," noting that it "not only leads to the loss of a valuable asset but can also disrupt consumers' lives and put at risk their ability to remain employed."[49]

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[46] Appendix A, #81. Geoff Williams, *Payday loans: How one woman got caught in a vicious cycle*, AOL.com (Nov. 2, 2010), http://www.aol.com/article/2010/11/02/payday-loans-how-one-woman-got-caught-in-a-vicious-cycle/19674757/.

[47] *See* In the Matter of ACE Cash Express, Inc., Consent Order 2014-CFPB-0008 (July 10, 2014), http://files.consumerfinance.gov/f/201407_cfpb_consent-order_ace-cash-express.pdf; In the Matter of EZCORP, Inc., Consent Order 2015-CFPB-0031 (Dec. 16, 2015), http://files.consumerfinance.gov/f/201512_cfpb_ezcorp-inc-consent-order.pdf; In the Matter of TMX Finance LLC, Consent Order, 2016-CFPB-0022 (Sept. 26, 2016), http://files.consumerfinance.gov/f/documents/092016_cfpb_TitleMaxConsentOrder.pdf; In the Matter of National Credit Adjusters, LLC and Bradley Hochstein, Consent Order 2018-BCFP-0004 (July 13, 2018), https://files.consumerfinance.gov/f/documents/bcfp_national-credit-adjusters_consent-order_2018-07.pdf; In the Matter of Cash Express, LLC, Consent Order 2018-BCFP-0007 (October 24, 2018), https://files.consumerfinance.gov/f/documents/bcfp_cash-express-llc_consent-order_2018-10.pdf; In the Matter of Enova, International, Inc., Consent Order 2019-BCFP-0003 (January 22, 2019), https://files.consumerfinance.gov/f/documents/cfpb_enova-international_consent-order_2019-01.pdf; In the Matter of CMM, LLC, CMM of Indiana, LLC, CMM of Alabama, LLC, Cash Mart Express of Florida, LLC, CMM of Kentucky, LLC, CMM of Louisiana, LLC, CMM of Mississippi, LLC, and CMM of Tennessee, LLC, each and collectively d/b/a Cash Tyme, Consent Order 2019-BCFP-0004 (February 1, 2019), https://files.consumerfinance.gov/f/documents/cfpb_cash-tyme-consent-order_2019-02.pdf.

[48] 82 Fed. Reg. at 54593, n.652.

[49] 82 Fed. Reg. at 54593 (citing two surveys finding that 15% of borrowers said they would have no way to get to work or school if they lost their vehicle, and a survey finding that more than 35% of borrowers were pledging the only working vehicle in the household).

Below are a few of the borrower experiences from Appendix A that illustrate harm from delinquency and default on unaffordable payday and vehicle title loans:

> *Patricia Turner, 47, went to E-Z Check Cashing of Cookeville, Tennessee, when her job sorting jeans at a garment factory didn't pay the bills. E-Z loaned her $300 for 30 days. At the end of 30 days, Turner was unable to repay the loan. She could have defaulted, but instead chose to extend the loan by paying a cash extension fee of $105. After she extended the loan eight times, paying $840 over an eight-month period without reducing the principal of the loan, she was unable to pay either the balance of the loan or an additional extension fee. Despite insufficient funds in her account to cover it, E-Z deposited Turner's eight-month-old check. When the check bounced, Turner declared bankruptcy.*[50]
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> ***
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> *Shirley, an elderly woman on a fixed income, received a car title loan from TitleMax for $2,453. She did not understand that the loan had to be repaid in one lump sum or it would be flipped each month and she would accrue new finance charges. Because she was unable to pay the full amount of the loan at once, TitleMax flipped the loan six times. Shirley paid over twice the principal amount of the loan to the company, including $1326 for the company's auto insurance. When she was ultimately unable to make a monthly payment, TitleMax repossessed her vehicle.*[51]
>
> ***
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> *Caroline O'Connor, a 30-year-old hospital lab technician, was in need of $1,000 to cover her rent and electricity bills. When she saw a television commercial advertising how to get cash from your car in the form of a short-term loan, she believed she had found relief. The loan carried a 171% APR. After two years stuck in the debt cycle, the lender seized her car. "These companies put people in a hole that they can't get out of," Ms. O'Connor said.*[52]

2.2.3. Harm from default avoidance, including foregoing basic living expenses and major financial obligations.

The consequences of sustained unaffordable payments on payday and car title loans are sweeping. The lender's coercive payment device—access to the borrower's checking account or vehicle title—make borrowers particularly susceptible to harm caused by efforts to avoid default, even when payments are unaffordable. This harm includes foregoing basic living expenses and major financial obligations.

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[50] Appendix A, #163. Charles A. Bruch, *Taking the Pay Out of Payday Loans: Putting an End to the Usurious and Unconscionable Interest Rates Charged by Payday Lenders*, 69 U. Cin. L. Rev. 1257 (2001).

[51] Appendix A, #42. Florida Office of Financial Regulation, 2014.

[52] Appendix A, #104. Jessica Silver-Greenberg and Michael Corkery, *Rise in Loans Linked to Cars Is Hurting Poor*, N.Y. Times (Dec. 25, 2014), http://dealbook.nytimes.com/2014/12/25/dipping-into-auto-equity-devastates-many-borrowers/.

The Bureau identified this harm and included it throughout its analyses, even while noting that such harms "are not subject to being quantified as a practical matter."[53] Indeed, to the extent these collateral harms do not lend themselves to ready quantification, it is in large part because they are so far-reaching. They are cascading, spiraling harms. Unaffordable payments, made nonetheless because of a coercive payment device or car title, can lead to overdraft fees or late bill payments. Those can lead to additional overdraft and late fees, and perhaps a penalty rate on a credit card balance, which will likely lead to a reduced credit score. Late rent payments can lead to eviction. And these harms are just from a loan that *is repaid*.

Nonetheless, numerous studies have aimed to measure the impact of payday loans and provide insight into the effects these loans, typically unaffordable as currently offered, have on borrower's broader finances. These measured impacts have included increased difficulty paying mortgages, rent, and utility bills,[54] delinquency on child support payments,[55] delinquency on credit card debt,[56] delaying medical care,[57] loss of checking accounts,[58] and bankruptcy.[59]

We emphasize the importance not only of all quantifiable evidence of these types of harms that current lending practices cause—and that a delay in the Rule will thus extend—but also of the qualitative evidence the Bureau has through its complaints database, other borrower accounts, and all qualitative evidence obtained through the 2016 comment period. This evidence speaks strongly to the extent to which unaffordable payments on payday and vehicle title loans cause collateral harm.

Below are a few of the borrower experiences from Appendix A that illustrate collateral harms from long-term indebtedness in unaffordable payday and vehicle title loans:

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[53] 82 Fed. Reg. at 54603.

[54] B. Melzer, *The Real Costs of Credit Access: Evidence from the Payday Lending Market* (2011), Oxford University Press, *available at https://academic.oup.com/qje/article-abstract/126/1/517/1902774?redirectedFrom=PDF*.

[55] B. Melzer, *Spillovers from Costly Credit*, The Review of Financial Studies (2018), *available at https://academic.oup.com/rfs/article-abstract/31/9/3568/4760436?redirectedFrom=fulltext.*

[56] Agarwal, S., Skiba, P. M., & Tobacman, J., *Payday loans and credit cards: New liquidity and credit scoring puzzles?* NBER Working Paper (2009), *available at* https://www.nber.org/papers/w14659.

[57] Melzer, 2011.

[58] Research has shown that payday lending is linked with increased rates of involuntary bank account closures, which can make routine financial transactions more expensive and risky. *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), *available at* http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1335873.

[59] One 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. P.M. Skiba & J. Tobacman, *Do Payday Loans Cause Bankruptcy?* (2008) SSRN working paper, *available at* https://papers.ssrn.com/sol3/papers.cfm?abstract_id=1266215.

Edith, a single mother, cut down on her family's groceries, stopped driving her car, and kept her lights off to save electricity as she scrambled to pay the fees on her payday loans. She took out her first $300 payday loan, and then a second and third, trying to repay the first. Edith borrowed a total of $900. She paid $135 in interest twice a month because she could not afford to repay the $900 principal owed. During the next year, she paid over $3,500 in fees alone, and still owed the original $900.[60]

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Raymond Chaney, now 66, is a veteran who became homeless after he took out a payday loan and spiraled into the debt trap. He took out a $400 loan to have his car repaired. The $400 loan led to $3,000 in additional loans, and he eventually owed $12,000 to many different lenders. He was struggling to stave off overdraft fees to banks and also make his rent. The payday lenders had full access to his account and eventually took all of his Social Security check. Chaney lost his apartment as a result. He now lives in a rescue mission located in Boise, and is working with the Idaho Consumer Finance Bureau to pay off his debt. His advice to anyone considering taking out a payday loan is as follows: "I had a friend who had back surgery, and it was so painful...If the choice is between back surgery and dying, consider dying. Well, I give people the same advice about payday loans. If the alternative to a payday loan is dying, think long and hard about dying."[61]

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Sandra, a successful professional, worked diligently to keep up with her bills. In a tough time, she turned to payday lending. After several rollovers, Sandra's first loan was due in full. She couldn't pay it off, so she took a loan from a second lender. Frantically trying to manage her bills, she eventually found herself with loans from six payday lenders including Advance America, Check Into Cash, Check 'n Go, Urgent Money Express and two on-line lenders. She paid over $600 per month in fees, none going to pay down her debt. After writing checks to payday lenders totaling $9,200, she was evicted and her car was repossessed. "At the time it seems like the way out, but this is not a quick fix. It's like a ton of bricks," said Sandra.[62]

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Lenny, who made about $600 a week, went to Advance America thinking a payday loan would help him catch up on an overdue bill. Over a year later, he had renewed his Advance America loan every two weeks, fallen deeper into debt, and taken a second payday loan to stay afloat. Lenny lost his apartment and ended up in a homeless shelter. While he lived there, Advance America continued to flip his loan, charging $20 per $100 every two weeks, 521% APR.[63]

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[60] Appendix A, #4. CRL, *The Victims of Payday Lending*, http://www.responsiblelending.org/issues/victims-payday.

[61] Appendix A, #78. Bob Sullivan, *'Like a drug': Payday loan users hooked on quick-cash cycle*, NBC News (May 11, 2013), http://www.nbcnews.com/feature/in-plain-sight/drug-payday-loan-users-hooked-quick-cash-cycle-v18088751.

[62] Appendix A, #3. CRL, *Caught in the Trap: The real story from payday lending borrowers* (June 2010).

[63] Appendix A, #24. CRL, *Caught in the Trap: The real story from payday lending borrowers* (June 2010).

2.3. Payday and Vehicle Title Loans Cause Particular Harm to Financially Vulnerable Communities.

Payday and vehicle title loans typically prey upon those with few resources struggling to make ends meet. As discussed in the ATR Rule, median incomes for these borrowers are in the $25,000-$30,000 range.[64] Median credit scores are deep subprime or subprime, averaging 525-530,[65] with about 85% of borrowers with scores below 600.[66]

These loans have a particularly harsh impact on communities of color and those on a fixed income, including older Americans on Social Security, as discussed below.

2.3.1. Payday and vehicle title lending disproportionately harm communities of color.

Payday and vehicle title loans cause particular harm to communities of color, which several of the undersigned groups represent. Lenders heavily market to these communities and leave them even more disproportionately underserved by the financial mainstream.

Payday lenders target borrowers of color, in part by concentrating their locations in communities of color.[67] 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.[68] Payday lenders in Florida were also more concentrated in majority black and Latino communities, even after controlling for income, as shown in the following chart.

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[64] 82 Fed. Reg. 54581.

[65] *See* 82 Fed. Reg. at 54557.

[66] *Id.*

[67] *See*, *e.g.*, Delvin Davis, *et al*., *Race Matters: The Concentration of Payday Lenders in African-American Communities in North Carolina*, Center for Responsible Lending (2005) *available at* http://www.responsiblelending.org/north-carolina/nc-payday/research-analysis/racematters/rr006-Race_Matters_Payday_in_NC-0305.pdf (finding that, even when controlling for a variety of other factors, African-American neighborhoods had three times as many payday lending stores per capita as white neighborhoods in North Carolina in 2005); Assaf Oron, *Easy Prey: Evidence for Race and Military Related Targeting in the Distribution of Payday Loan Branches in Washington State*, Department of Statistics, University of Washington (2006) (concluding based on a study of Washington State payday lenders that "payday businesses do intentionally target localities with a high percentage of African Americans.").

[68] Li, *et al*., *Predatory Profiling: The Role of Race and Ethnicity in the Location of Payday Lenders in California,* Center for Responsible Lending (2009), *available at*: http://www.responsiblelending.org/payday-lending/research-analysis/predatory-profiling.pdf.

Florida Payday Store Concentrations By Race and Income, Combined:[69]

Recent studies have also found concentration in communities of color in Michigan[70] and, prior to its new law capping interest rates at 36%, Colorado.[71] The Colorado study found, among other things, that affluent communities of color were more likely to have a payday loan store than lower-income predominantly white communities.[72]

In light of this targeting, it is unsurprising that a disproportionate share of payday borrowers come from communities of color, even after controlling for income.[73] This disparity is even more significant given

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[69] Replicated from Brandon Coleman and Delvin Davis, *Perfect Storm: Payday Lenders Harm Florida Consumers Despite State Law*, Center for Responsible Lending (March 2016), at 7, Chart 2. The analysis is based on payday loan locations provided by the Florida Office of Financial Regulation, as of January 2016, reflecting more than 1,100 stores. Two payday lenders—Amscot and Advance America—own nearly 500 of these stores. By comparison, Starbucks has 642 Florida locations.

[70] Delvin Davis and Lisa Stifler, Power Steering: Payday Lenders Targeting Vulnerable Michigan Communities, Center for Responsible Lending (Aug. 2018), https://www.responsiblelending.org/research-publication/power-steering-payday-lenders-targeting-vulnerable-michigan-communities.

[71] Delvin Davis, Mile High Money: Payday Stores Target Colorado Communities of Color, Center for Responsible Lending (Aug. 2017; amended Feb. 2018), https://www.responsiblelending.org/research-publication/mile-high-money-payday-stores-target-colorado-communities-color.

[72] *Id*.

[73] The Pew Charitable Trusts, Safe Small-Dollar Loans Research Project, *Payday Lending in America: Who Borrows, Where They Borrow, and Why* at 9 (July 2012) (finding that, after controlling for other characteristics including income, payday loan usage was 105% higher for African Americans than for other races/ethnicities). Other studies that do not control for income also show disproportionalities. Amanda Logan and Christian E. Weller, *EZ Payday Loans: Who Borrows From Payday Lenders? An Analysis of Newly Available Data*, Center for American Progress (March 2009), summary of findings at page 1 (finding, based on the FRB's Survey of Consumer Finances conducted in 2007 and released in 2009 payday borrowers are more likely to be minorities); California Department of Corporations, *Payday Loan Study* (updated June 2008), *available at* http://www.dbo.ca.gov/Licensees/Payday_Lenders/Archives/pdfs/PDLStudy07.pdf (finding that, although they

that it occurs despite the fact that African Americans and Latinos are much less likely to have checking accounts than whites;[74] since a checking account is typically required to get a payday loan, one might expect the concentration of payday lenders to be lower than in neighborhoods of color than in white neighborhoods.

Communities of color have historically been disproportionately left out of the traditional banking system, a disparity that persists today. About 17 percent of African American and 14 percent of Latino households are unbanked, compared to 3 percent of white households.[75] And payday and vehicle title loans, with their high association with lost bank accounts,[76] drive borrowers out of the banking system and exacerbate this disparity.

Payday and vehicle title lenders claim their products provide access to credit in communities that have few other options. The Bureau now, too, cites access as a benefit to consumers of this Delay Proposal. In reality, 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 unfettered entrenches a two-tier financial system. One group of consumers has access to the mainstream financial system, while another is further marginalized, relegated to predatory lenders pushing debt traps. In this way, unaffordable payday loans reinforce and magnify the wealth gap—a legacy of continuing discrimination—and perpetuate discrimination today.[77]

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represent about one-third of the overall state population, over half of California payday borrowers are African American and Latino); Skiba and Tobacman, Do Payday Loans Cause Bankruptcy?, *supra* (analysis of a database of a large Texas-based payday lender finding that African Americans (who make up approximately 11 percent of the total adult population) made up 43 percent of payday borrowers and Latinos (who make up approximately 29 percent of the total adult population) made up 34 percent of payday borrowers).

[74] 2017 FDIC National Survey of Unbanked and Underbanked Households, at 3, *available at* https://www.economicinclusion.gov/downloads/2017_FDIC_Unbanked_HH_Survey_Report.pdf.

[75] *Id*.

[76] *See* Section 2.2.2., above.

[77] For further on our concerns about the harm payday and vehicle title loans cause communities of color, and the efforts we have long made to stop that harm, see the sampling of references cited here: http://stopthedebttrap.org/wp-content/uploads/2014/11/PayDay-loans.7-2016.pdf; http://stopthedebttrap.org/wp-content/uploads/2015/08/lcchr_resolution_payday_deposit_advance_lending_12dec2015.pdf; http://publications.nclr.org/bitstream/handle/123456789/1595/stop_payday_predators.pdf?sequence=1&isAllowed=y; https://www.unidosus.org/issues/economy/asset-building/protecting-consumers/tips/; http://lulac.org/news/pr/dont-get-caught-in-a-debt-trap/; http://lulac.org/assets/pdfs/10_Financial_Literacy_Payday_loan_case.pdf; http://stopthedebttrap.org/wp-content/uploads/2015/08/naacp_letter_obama_payday_15december2014.pdf; http://ourfinancialsecurity.org/2011/04/hilary-shelton-cfpb-testimony/; http://www.responsiblelending.org/payday-lending/policy-legislation/states/Letter-JBond_Rendell-012306.pdf.

2.3.2. Older Americans are particularly attractive to high-cost lenders and especially vulnerable to the harms the loans cause.

Older Americans are particularly attractive to payday and vehicle lenders and especially vulnerable to the harm the loans cause. Older Americans show greater signs of financial hardship than other age groups and are often less able to recover from financial distress. Coupled with recent dramatic declines in the value of their largest assets—homes and retirement assets—many older Americans also struggle with limited incomes. Nearly half of all older Americans are considered economically insecure, living on $29,425 per year or less.[78] Forty-seven percent of single recipients of Social Security depend on it for 90% or more of their income.[79] Senior women in particular face diminished incomes because of lower lifetime earnings and Social Security and pension benefits. Not only are these incomes limited, but they are also fixed, meaning seniors are particularly unlikely to be able to address financial shortfalls by working extra hours or otherwise earning extra income.

Facing these financial hardships, older Americans are particularly vulnerable to payday and vehicle title lenders' claims of quick cash. And older Americans are particularly attractive to lenders because Social Security benefits provide a steady source of repayment. As one payday lender described federal benefits recipients:

> *"These people always get paid, rain or shine . . . [They] will always have money, every 30 days."*—former manager of payday loan stores[80]

As another put it:

> *"[Borrowers receiving Social Security or disability] payments would come in for a small loan and write a check to the company dated the 3rd of the month, when their government checks would arrive. All the Advance America employees were required to come in early on that day, so we could quickly cash their checks and wipe out their checking accounts."*—former Advance America employee[81]

Indeed, an analysis by one researcher found that payday lender storefronts cluster around government-subsidized housing for seniors and the disabled in a number of states across the country.[82]

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[78] National Council on Aging, age 60+, 25 million out of 53 million. https://www.ncoa.org/news/resources-for-reporters/get-the-facts/economic-security-facts/.

[79] *Id.*

[80] Ellen E. Schultz and Theo Francis, *High-Interest Lenders Tap Elderly, Disabled*, Wall Street Journal (Feb. 12, 2008), *available at* http://online.wsj.com/article/SB120277630957260703.html ("Wall Street Journal, 2008").

[81] *Bailed-Out Banks Finance Predatory Payday Lenders*, Center for Media and Democracy (Sept 16, 2010) (reporting from a GRO-MO action, September 16, St. Louis, MO, and quoting a former Advance America employee who remained anonymous because he was reportedly forced to sign a confidentiality agreement upon leaving the firm), *available at* http://www.prwatch.org/node/9456.

[82] Wall Street Journal, 2008. An analysis of data from the U.S. Department of Housing and Urban Development showed that many payday lenders are clustered around government-subsidized housing for seniors and the

It is unsurprising, then, that significant numbers of older Americans become trapped in payday loans. Moreover, in recent years, trends have suggested that older Americans have comprised a growing share of payday borrowers. The share of payday borrowers in Florida age 65 and older more than doubled over the past decade—increasing from 3.4% of borrowers in 2005 to 8.6% in 2015 (a 152.9% increase),[83] while the share of Florida's overall population comprised of that age group grew by only 9.7%.[84] Borrowers 65 and older were the fastest growing age group of borrowers over this period.[85] In California in 2015, nearly a third of borrowers were age 52 and over;[86] the portion of borrowers age 62 and over grew steadily from 12.8% in 2013, to 13.2% in 2014, to 13.9% in 2015.[87] The senior program manager at a community organization that aids lower-income people in Nevada has stated: "I see about 80 to 100 seniors per week . . . . at least half have taken out a payday loan." [88] Many go on to default and become victim to harassing phone calls.[89]

CRL's research on bank payday loans found that over one-quarter of bank payday borrowers were Social Security recipients, making these borrowers 2.2 times as likely to have had a bank payday loan as bank customers as a whole.[90] One widow who relied on Social Security for her income testified before

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disabled. The research was done by Steven Graves, a geographer at California State University at Northridge, at The Wall Street Journal's request.

[83] Brandon Coleman and Delvin Davis, *Perfect Storm: Payday Lenders Harm Florida Consumers Despite State Law*, Center for Responsible Lending, at 8 (March 2016) (analyzing data from Veritec Solutions, *Florida Trends in Deferred Presentment* (May 2015) ("CRL, *Perfect Storm*"), https://www.responsiblelending.org/sites/default/files/nodes/files/research-publication/crl_perfect_storm_florida_mar2016_0.pdf.

[84] Florida's senior population increased from 16.6% of the population in 2005 to 18.2% of the population in 2014. CRL, *Perfect Storm* at 8 (based on data from American Fact Finder, United States Census Bureau, *available at* http://factfinder.census.gov/faces/nav/jsf/pages/index.xhtml).

[85] CRL, *Perfect Storm* at 8.

[86] In 2015, the figure was 31.1%. California Department of Business Oversight, "Summary Report: California Deferred Deposit Transaction Law – Annual Report and Industry Survey" (2014-2016). http://www.dbo.ca.gov/Licensees/Payday_Lenders/Publications.asp.

[87] *Id.*

[88] Michael Lyle, *Seniors often pay hefty price for relying on payday loans*, Las Vegas Review Journal (Sept. 1, 2016) (quoting Don Miller, seniors program manager for HopeLink, 178 Westminster Way, which provides assistance and resources to low-income people and families in the Las Vegas area), *available at* http://www.reviewjournal.com/view/seniors-often-pay-hefty-price-relying-payday-loans.

[89] *Id.*

[90] Analysis of 2011 checking account data on file with CRL. These data are consistent with our analysis of 2010 data, which found that nearly one-quarter of all bank payday borrowers were Social Security recipients, who were 2.6 times as likely to have a bank payday loan as bank customers as a whole. R. Borné, J. Frank, P. Smith, and E. Schloemer, *Big Bank Payday Loans: High interest loans through checking accounts keep customers in long-term debt*, Center for Responsible Lending (2011), at 8, http://www.responsiblelending.org/payday-lending/research-analysis/big-bank-payday-loans.pdf ("CRL, *Big Bank Payday Loans*").

the Senate Committee on Aging that her $500 bank payday loan from Wells Fargo got her trapped for five years and ended up costing her nearly $3,000.[91]

Unaffordable payday loans made to seniors without an ATR determination are particularly troubling because the Social Security funds the lenders routinely seize are protected from creditors in other contexts. Congress has long sought to protect Social Security funds and other public benefits intended for necessities from the unilateral reach of creditors.[92] The Social Security Act prohibits collection of Social Security benefits through assignment, garnishment, or other legal process. The policy underlying this legal protection is to ensure the debtor a minimum subsistence income—for essential needs like food, shelter, and medicine—and courts have repeatedly upheld it.[93]

Payday lenders making loans to Social Security recipients who cannot afford to repay the loans grossly undermine this critical protection by requiring the borrowers to provide direct access to their bank accounts and immediately taking the Social Security income for repayment—even if that means that the borrower is left with no funds for essentials. CRL research found that bank payday lenders took an average of 33% of the recipient's next Social Security check to repay a bank payday loan.[94] For Annette Smith, the borrower described above, they took more than half.[95] The threat that unaffordable payday loans pose to Social Security recipients became more pronounced in 2013, when electronic distribution of government benefits mandatory.[96]

The Bureau found that a significant share of payday borrowers reported some form of public assistance or other benefits or retirement funds as an income source.[97] It found that 58% of payday borrowers with loans due monthly were recipients of government benefits.[98]

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[91] Testimony of Annette Smith before the Senate Special Committee on Aging, U.S. Senate, July 24, 2013, *available at* https://www.aging.senate.gov/imo/media/doc/04_Smith_7_24_13.pdf; video *available at* https://www.youtube.com/watch?time_continue=50&v=UG7B3L3oDN8.

[92] *See*, *e.g.*, Social Security Act, at 42 U.S.C. § 407(a).

[93] For further discussion and detail, see Testimony of Margot Saunders, National Consumer Law Center (on behalf of its low income clients) before the Subcommittee on Social Security, Committee on Ways and Means, U.S. House of Representatives, June 24, 2008, *available at* http://www.nclc.org/images/pdf/other_consumer_issues/exempt_public_benefits/NCLC_exemptBenefitsTestimony_House_June2008.pdf.

[94] CRL, *Big Bank Payday Loans*, at 8.

[95] The Treasury Department has made significant strides in protecting Social Security funds in checking accounts from bank freezes in response to garnishment orders. 31 C.F.R. § 212.1. But these rules do not address the informal wage assignment that is routine to the payday lending model. They also do not apply to the practice whereby a depository institution repays itself as creditor, as with bank payday loans. 76 Fed. Reg. 9947

[96] U.S. Department of the Treasury, Interim Final Rule, Federal Government Participation in the Automated Clearing House, 75 Fed. Reg. 80335, amending 31 CFR Part 208 (2010).

[97] CFPB 2013 White Paper at 19 (reporting at application 22% of borrowers reported either public assistance or retirement benefits). *See also* 82 Fed. Reg. at 54711, n.903.

[98] 82 Fed. Reg. at 54711 (citing CFPB 2013 White Paper).

The Bureau noted that borrowers paid monthly are particularly financially vulnerable, concentrated at the lower end of the income range.[99] And the debt trap for these borrowers appears to be particularly deep. The Bureau found that borrowers paid monthly have more repeat loans than those paid more frequently: approximately 20% of such borrowers averaged at least one loan per pay period over the course of a year,[100] and over 40% of all monthly loans were in sequences that persisted for the rest of the year studied.[101]

3. IN SEEKING TO DELAY THE ATR RULE, THE BUREAU MAY NOT SWEEP AWAY THE AMPLE EVIDENCE OF HARM THAT IS PART OF THE ADMINISTRATIVE RECORD FROM THAT RULE.

The Delay Proposal grossly disregards the harm the delay will cause consumers, even while it does not dispute that harm in either the Delay Proposal or the proposed repeal.

First, the Bureau's justification for the Delay Proposal ignores altogether the harm to consumers from delay. It speaks only of what it claims is harm to industry from not delaying,[102] while failing to discuss or take into account the consumer harms the ATR Rule will prevent. It ignores this harm to consumers even while it asserts that consumers will *benefit* from delay by having access to credit the Rule would prevent.[103] Yet it fails to acknowledge that the vast majority of credit consumers will have access to will be unaffordable. It also fails to address the 2017 Rule's thoroughly reasoned explanation for how credit would likely remain widely available under the ATR Rule.[104]

Second, the Delay Proposal attempts to diminish the weight it should assign the interest of consumers. The Delay Proposal notes that the ATR Rule's compliance date of August 19, 2019 was "'structured to facilitate an orderly implementation process'" and "[i]n particular sought "to balance giving enough time for an orderly implementation period against the interest of enacting protections for consumers as soon as possible.'"[105] In stark contrast, the Bureau now states that since it now believes there are "strong reasons" for rescinding the ATR Rule, it "should not assign the weight it did to 'the interest of enacting protections for consumers as soon as possible.'"[106] The Bureau cannot sweep the interests of

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[99] *See* 82 Fed. Reg. at 54711.

[100] 82 Fed. Reg. at 54711-12 (citing CFPB 2016 Supplemental Data).

[101] *Id.*

[102] 84 Fed. Reg. at 4300 ("The Bureau preliminarily believes that delaying the August 19, 2019 compliance date would allow industry participants to avoid irreparable injury from the compliance and implementation costs and the market effects associated with preparing for and complying with portions of the Rule that the Bureau is proposing to rescind.").

[103] 84 Fed. Reg. at 4300 ("The Bureau also believes that temporary industry disruptions may have negative impacts on consumers, including restricting consumer access to credit . . . .").

[104] *See*, *e.g.*, 82 Fed. Reg. at 54839-42.

[105] 84 Fed. Reg. at 4302 (quoting 82 Fed. Reg. at 54812).

[106] 84 Fed. Reg. at 4303.

consumers aside, however, simply because it is proposing to repeal the ATR Rule, especially given that the Bureau does not dispute those harms. The harms to consumers are clearly documented in the ATR Rule record, they are real, and they must be given significant weight and consideration.

Finally, as noted in section 2.1 above, in its cost/benefit analysis, the Bureau uses the estimated reduction in lender fee revenue from the ATR Rule's cost/benefit analysis as its estimated benefit to lenders of delay.[107] But the Bureau fails to make clear that the industry revenues the ATR Rule will affect generally represent funds paid to lenders for loans that result in the well documented harms to consumers, resulting from unaffordable loans, identified in the ATR Rule. It also fails to acknowledge that most of this revenue is the result of repeat loans—not new credit—which fail to generate meaningful economic benefit to the borrower or the economy.

4. CONSIDERATION OF REPEAL IS NOT A SUFFICIENT BASIS FOR DELAY, AND, IN ANY EVENT, THE BUREAU HAS OFFERED NO COMPELLING BASIS FOR REPEAL.

The Bureau cites the pending Proposed Repeal as a basis for the Delay. The Bureau's decision to reconsider the ATR Rule, however, does not provide basis to delay the rule's compliance date—a rule that was promulgated by the CFPB after extensive public input and reasoned explanation.[108]

First, the mere reconsideration of a rule does not provide authority to delay an existing rule pending reconsideration.[109] The Bureau has failed to show how the ATR Rule's being fully in effect would prevent it from simultaneously considering public input on its reconsideration, or why it is necessary for its process.[110] That the Bureau seeks to delay the ATR Rule without any such explanation suggests that the true intent of the delay is to rescind the rule without full opportunity for the public to comment.

Moreover, the Proposed Repeal is not based on "strong reasons," as the Delay Proposal claims.[111] Instead, the Bureau's rationale for reconsidering the ATR Rule contradicts the mountain of evidence on which it is based. As such, the Bureau must "provide a reasoned explanation . . . for disregarding facts or circumstances that underlay or were engendered by the prior policy."[112] It has utterly failed to do so. The Bureau now inadequately attacks the evidentiary basis of the ATR Rule, when in fact, the record

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[107] *Id.*

[108] *See* 82 Fed. Reg. at 54503 *et seq*. (Summary of the Rulemaking Process).

[109] *See, e.g.*, *Air Alliance Houston v. EPA*, 906 F.3d 1049, 1067 (D.C. Cir. 2018) (". . . the mere fact of reconsideration, alone, is not a sufficient basis to delay promulgated effective dates . . ."); *Natural Res. Def. Council v. Nat'l Highway Traffic Safety Admin.,* 894 F.3d 95, 111–12 (2d Cir. 2018) ("[A] decision to reconsider a rule does not simultaneously convey authority to indefinitely delay the existing rule pending that reconsideration."); *Clean Air Council v. Pruitt*, 662 F.3d 1, 9 (D.C. Cir. 2017).

[110] *Air All. Houston,* 906 F.3d at 1065.

[111] 84 Fed. Reg. at 4299, 4300, 4301.

[112] *FCC v. Fox Television Stations, Inc.*, 556 U.S. 502, 515-516 (2009); see also *Encino Motorcars, LLC v. Navarro*, 136 S. Ct. 2117. 2126 (2016).

supported a far more protective rule than that which was finalized.[113] Specifically, the Bureau attacks the ATR Rule's application of "unfair" and "abusive," using distorted interpretations of those standards in a vast departure from Federal Trade Commission precedent, Federal Reserve Board precedent, and Congressional intent. And it does all this with gross disregard for the established harm underpinning the ATR Rule, a repeal's impact on consumers, and the agency's clear statutory directive to protect them.

The Bureau's failure to provide basis for delay or repeal is unsurprising given it clearly prejudged its desired outcome before it even put pen to paper. Under new leadership in November 2017, the Bureau plainly wanted the rule done away with.[114] It expressed doubt about its authority to repeal the rule, however,[115] and supported lender efforts to nullify the rule in Congress, with Mick Mulvaney calling Congress "the more appropriate place" for repeal to occur.[116] Two weeks after lenders' efforts in Congress failed, CFPB joined lender efforts in the courts.[117] Only after that effort too, on its own, failed to erase the rule, the Bureau proposed the delay and repeal.

5. THE PROPOSAL FAILS TO POINT TO ANY REAL "UNANTICIPATED" "OBSTACLES" THAT WOULD JUSTIFY DELAY.

5.1. Overview.

The Delay Proposal states that the Bureau has discussed implementation efforts with "a number of industry participants" since publication of the Final Rule and has, "through those conversations . . . become aware of various unanticipated potential obstacles to compliance."[118] It states that it seeks now "to better understand these obstacles and how they might bear" on whether to delay.[119] The Bureau then cites two general categories of issues—one, recent changes to State laws, and two, industry participants citing delays with software vendors.[120] It then provides only a hasty discussion of each, and by no means adequately explains how either of these issues supports a delay.[121]

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[113] *See* CRL, NCLC, *et al.* Comments on 2016 Proposed Rule, Introduction Executive Summary, at 1-17.

[114] Ian McKendry, *Mulvaney's first days at CFPB: Payday, personnel and a prank,* American Banker (Dec. 4, 2017) ("Mulvaney said he had asked legal staff to brief him on whether the agency could retool the recently finalized short-term lending rule, but acknowledged that may not be possible. 'It was fairly out the door by the time we got here,' said Mulvaney.").

[115] *Id.*

[116] *Id.*

[117] *See* Joint Motion for Stay of Litigation and Stay of Agency Action Pending Review 4, *CFSA v. CFPB*, No. 18-cv-295 (W.D. Tex. May 31, 2018).

[118] 84 Fed. Reg. at 4300.

[119] *Id.*

[120] *Id.*

[121] *Id.*

5.2. State law changes are neither "unanticipated" nor "obstacles."

The Bureau begins its one-paragraph discussion of State law changes by stating that "several States have recently enacted laws applicable to loans subject to the [mandatory underwriting provisions,] MUPs."[122] To start, this statement is inaccurate. Only three State laws have recently changed, and as discussed below, only one of those State laws applies to loans subject to the MUPs (which we refer to throughout our comments as the ATR Rule).

The paragraph continues by noting that "[s]ome industry participants" have told the Bureau that they are "prioritizing developing compliance management systems" in response to State law changes, and that "[s]ome smaller participants have indicated" that they lack the resources to update or conform their compliance management systems to "address" both the State law changes and the Final Rule.[123] The Bureau further states that these State law changes "were not anticipated in the Final Rule," so the effect these laws may have on affected entities were not considered.[124] The Bureau cites in footnotes to State law changes in Colorado, Ohio, and Florida.[125] It provides no further elaboration.

This rationale fails primarily because the cost to consumers of delay is profound and the complaints of lenders, who will have had 21 months to comply with the Final Rule, should not take priority over those costs. Even still, the Delay Proposal fails to make a compelling case as to why State law changes generally, and certainly these State law changes in particular, should be assigned any weight at all.

First, changes to State laws governing payday loans are not unanticipated. State laws that apply to payday lenders have changed often in recent years. Five ballot referenda in ten years have established interest rate caps.[126] And every year, a plethora of bills that address payday lending—many of which are pushed by the lenders themselves—are before state legislatures. In 2017 alone, prior to the Final Rule's October publication, at least 112 bills related to small dollar loans were considered in state legislatures.[127] The Bureau was well aware of this activity, and it anticipated that it would continue.[128]

Second, the changes to these three particular State laws do not, by any stretch, merit delay of the compliance date. In two states, Colorado and Florida, the law changes objectively have zero impact on

[122] *Id.*

[123] *Id.*

[124] *Id.*

[125] *Id.* at n.17.

[126] Arizona (2008), Ohio (2008) (gamed by payday lenders and not enforced by the State), Montana (2010), S. Dakota (2016), Colorado (2018).

[127] List on record with CRL.

[128] *See*, *e.g.*, 82 Fed. Reg. at 54697 ("many States and other non-Federal jurisdictions have made and likely will continue to make legislative and regulatory judgments about how to treat such loans, including usury limits, prohibitions on making high-cost covered short-term loans, and other strong consumer protections under legal authorities that in some cases extend beyond those conferred on the Bureau").

loans covered by the ATR Rule. In Ohio, the changes are anticipated to shift the lender business model in ways the Final Rule has been expected to shift it anyway.

Following is a chart summarizing these points, followed by further discussion of each of the three states:

	Loans covered by ATR Rule at time it was finalized		Loans covered by ATR Rule under changed State law	
Gray shade denotes no change				
	Payday	**Car Title**	**Payday**	**Car Title**
Colorado	*None*[129]	*None*	*None*	*None*
Florida	Up to $500, up to 31 days	Typically 30-day loans made in evasion of car title rate cap	Up to $500, up to 31 days (no change)	Typically 30-day loans made in evasion of car title rate cap (no change)
Ohio	Significant share of the state's payday loan market	Typically 30-day loans made through a loophole	Projected as smaller share of the state's payday loan market (consistent with expectations under Final Rule)	*None* (generally consistent with expectations under Final Rule)

Colorado

Short-term payday loans subject to the ATR Rule were illegal in Colorado both before and after the recent change to Colorado law. Longer-term balloon payment loans were virtually non-existent before the change and will remain so now. Short-term payday loans have been illegal in Colorado since a 2010 law established a minimum six-month loan term and other limitations on payday loans.[130] Longer-term

[129] While single-payment loans with a minimum 6-month loan term were permitted under the 2010 law, 99.96% of loans made under the law—virtually all—have been scheduled to be repaid in regular installments, a fact the ATR Rule explained. 82 Fed. Reg. at 54496, n.255 (citing Adm'r of the Colo. Consumer Credit Unit, ''Colorado Payday Lending—July Demographic and Statistical Information: July 2000 through December 2012,'' at 15–16, *available at* https://coag.gov/uccc/info/ar). That report cited 99.9% based on data through 2012, which increased to 99.96% based on data through 2015, https://coag.gov/sites/default/files/contentuploads/cp/ConsumerCreditUnit/UCCC/AnnualReportComposites/DemoStatsInfo/ddlasummary2000-2015.pdf.

[130] *See* 82 Fed. Reg. at 54496.

loans with balloon payments have been virtually non-existent under the 2010 law. The new law, a ballot referendum establishing a 36% rate cap regardless of loan term, makes those six-month triple-digit loans, illegal, too.[131] But clearly, this change provides no justification for delayed compliance with the ATR Rule. Colorado payday lenders did not offer loans subject to the rule before the 2018 law change, and they do not, still.

Car title loans were illegal in Colorado before this law change, and they remain illegal now.[132]

Florida

The 2018 change in Florida law also has no bearing on any Florida loans covered by the ATR Rule. When the Final Rule was finalized, Florida law permitted covered payday loans up to $500 and up to 31 days long. Under new Florida law, no changes have been made to those loans.

In fact, the new law, authorizing longer-term payday loans, was pushed by payday lenders explicitly in response to, and in order to facilitate loans outside of, the ATR Rule, as the payday lenders testified before the Florida legislature. Indeed, since the prospect of a CFPB rulemaking was first on the horizon, payday lenders have sought expansion of state authorization laws to permit longer-term high-cost payday installment loans that are not covered by the rule's ATR requirements for short-term loans, in states where those longer-term loans are not currently permitted.[133]

Payday lenders pushed for their bill to authorize loans outside the scope of the ATR rule over the strong opposition of Florida civil rights and faith communities.[134] They explicitly used the new CFPB rule

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[131] Pat Ferrier, *Colorado election: Proposition 111, capping interest on payday loans, passes*, Fort Collins Coloradoan (Nov. 7, 2018), https://www.coloradoan.com/story/news/politics/elections/2018/11/06/colorado-election-proposition-111-passes-limits-interest-payday-loans/1890551002/; Proposition 111, Restricts the charges on payday loans to a yearly rate of 36 percent, *available at* https://ballotpedia.org/Colorado_Proposition_111,_Limits_on_Payday_Loan_Charges_Initiative_(2018).

[132] *See* Press Release, Colo. Dep't of Law, ''AG Coffman Announces Significant Relief for Victims of Illegal Auto Title Loan Scheme'' (Nov. 30, 2016), *available at* *https://coag.gov/sites/default/files/contentuploads/cp/ConsumerCreditUnit/PressReleases/UCCC/rsfinancialsovereignlending11.30.16.pdf*.

[133] *See* Kevin Wack, *States mull loosening of laws in response to CFPB payday rule*, American Banker (Feb. 1, 2018), https://www.americanbanker.com/news/states-mull-loosening-of-laws-in-response-to-cfpb-payday-rule; Kevin Wack, *Florida poised to enact workaround to CFPB payday rule*, *American* Banker (Mar. 9, 2018), https://www.americanbanker.com/news/florida-poised-to-enact-workaround-to-cfpb-payday-rule.

[134] *See*, *e.g.*, Rev. Dr. Gabriel Salguero, President, National Latino Evangelical Coalition, *Help families burdened by debt and veto payday-lending bill, Gov. Scott*, Opinion, Miami Herald (Mar. 14, 2018), https://www.miamiherald.com/opinion/op-ed/article205244129.html); Benjamin Crump, *Why Are Florida Legislators Siding with Predatory Payday Lenders?*, Opinion, Black Press USA (Feb. 8, 2018), http://www.blackpressusa.com/opinion-why-are-florida-legislators-siding-with-predatory-payday-lenders/; Adora Obi Nweze, President, NAACP Florida State Conference, *Lawmakers should not let predatory lenders do even more damage to poor Floridians*, Opinion, Miami Herald (Feb. 5, 2018), http://www.miamiherald.com/opinion/op-ed/article198552544.html; Most Rev. Thomas Wenski, Archbishop of Miami, *Do good, and curb the evils of predatory banking, payday loans*, Opinion, Sun Sentinel (Feb. 9, 2018), http://www.sun-sentinel.com/opinion/commentary/fl-op-viewpoint-payday-loans-predatory-banking-20180209-story.html.

addressing short-term loans as justification for a more permissive state law—even while they simultaneously pushed the Congressional Review Act resolution and sued to have the CFPB rule nullified. The 2018 state law should not now be an excuse for delaying that very rule.

Car title loans in Florida are made in evasion of a law Governor Jeb Bush signed in 2000, capping the APR at 30%.[135] Lenders make 30-day loans carrying junk ancillary products that drive the effective rate far higher.[136] The 2018 law authorizing payday installment loans has no effect on the status of car title loans in the state.

Ohio

First, the backdrop: Over a decade ago, in 2008, Ohio voters affirmed capping the cost of payday loans in the state at 28%. All payday and car title loans made in Ohio since that time were in evasion of that voter-mandated cap. For a fuller discussion of the recent law change in Ohio, see CRL's August 2018 policy brief, *What Happened with Payday Loans in Ohio?*[137]

Prior to the 2018 law, payday lenders in Ohio were making both short- and longer-term payday loans. Indeed, Ohio stood out in terms of the penetration of longer-term loans in the state. In 2015, as CRL studied lenders' migration into longer-term payday lending, it found that of the eight states where at least one of five national lenders were making longer-term loans, Ohio was the only state where all five lenders were making these loans.[138] So this is not a new market area for Ohio.

The new 2018 law does not establish a minimum loan term or prohibit balloon payment loans, but it requires that payments on loans less than 90 days not exceed 7% of net income (6% of gross). This requirement is generally expected to shift lenders away from short-term payday loans that would have been subject to the ATR Rule, while lenders expand further into longer-term payday loans that are not subject to the ATR Rule.[139] This is the same shift anticipated by the CFPB Final Rule, which projected that lenders would experience a "substantial reduction" in covered short-term loans, and that, as a result, they would expand their product offerings of longer-term loans in states where high-cost longer term loans are permitted: "Lenders may also make broader changes to the range of products that they

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[135] http://www.leg.state.fl.us/Statutes/index.cfm?App_mode=Display_Statute&URL=0500-0599/0537/0537.html

[136] *See* Paul Kiel, *Insta-Loophole: In Florida, High-Cost Lender Skirts the Law*, ProPublica (July 25, 2014), https://www.propublica.org/article/insta-loophole-in-florida-high-cost-lender-skirts-the-law.

[137] Diane Standaert, *Policy Brief: What Happened with Payday Loans in Ohio?,* Center for Responsible Lending (Aug. 2018), https://www.responsiblelending.org/sites/default/files/nodes/files/research-publication/crl-ohio-bill-analysis-aug2018.pdf ("CRL, *What Happened with Payday Loans in Ohio*?").

[138] Diane Standaert and Peter Smith, *Payday and Car Title Lenders' Migration to Unsafe Installment Loans*, Center for Responsible Lending (Oct. 2015), at 2, *available at* https://www.responsiblelending.org/other-consumer-loans/car-title-loans/research-analysis/crl_brief_cartitle_lenders_migrate_to_installmentloans.pdf.

[139] *See,* e.g.*,* First Cash Financial, Press Release (Jan. 31, 2019) (noting that the new Ohio law "essentially eliminates most single pay consumer loan products").

offer, shifting to longer-term, lower-payment installment loans, where these loans can be originated profitably within the limits permitted by State law."[141]

So, there are no great surprises here. And Ohio lenders should be particularly able to adjust to the Final Rule—not to mention their own State law—because the State law already permitted, and lenders were already making, longer-term loans.

For car title loans, which are not explicitly authorized in Ohio, the 2018 law change closes a loophole in the state's Credit Services Organization (CSO) Act, through which car title lenders have operated since 2012. Exploiting the CSO Act, lenders have posed as brokers of payday loans, charging a fee that drives the cost of the loan well beyond 28%. The new law now prohibits loans under the CSO Act of less than $5,000, less than one year, or in excess of 28% APR, thus effectively prohibiting any car title loan that would be covered by the ATR Rule.[142]

5.3. Unexplained and unexamined software and systems challenges do not support a delay.

The Delay Proposal also devotes but one paragraph to its second rationale related to "obstacles to compliance," software and systems challenges. It states that "industry participants have stated that the software vendors they use to produce technology and other critical systems necessary to comply" with the ATR Rule "will not be fully operational or available to industry" before the compliance date. [143] In addition, the Delay Proposal states that the Bureau has heard that there are additional systems that would facilitate lenders' access to required information that have not progressed to the point necessary to permit lenders to meet the compliance date.[144] It then provides a single example, a storefront lender who informed the Bureau that "critical software components" from vendors have not been provided on schedule.[145]

The ATR Rule carefully considered the compliance date for the Final Rule and gave lenders sufficient time to comply—21 months, six months longer than initially proposed.[146] Still, it is difficult to imagine a universe where some payday lenders would not argue that they need more time to comply. Nothing offered in the Delay Proposal, however, warrants a delay.

The Delay Proposal does not explain the challenges in any meaningful way. Why, exactly, can't these lenders comply? Which requirements can they not meet? What portion of lenders cannot comply? What size lenders? Is it that they cannot comply at all, or they cannot comply in a manner as streamlined as they would like? Do they claim full reliance on software vendors, and if so, why? Would they need to manually underwrite a loan to ensure the borrower can afford it? Registered Information

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[141] 82 Fed. Reg. at 54817, 54835.

[142] *See* CRL, *Policy Brief: What Happened with Payday Loans in Ohio?* for further discussion.

[143] 84 Fed. Reg. at 4300.

[144] *Id.*

[145] *Id.*

[146] *See* 82 Fed. Reg. at 54813 *et seq.*

Systems (RISs) have not been approved, but the ATR Rule contemplated that scenario and provided for it.[147] Are these "obstacles" mere inconveniences for lenders?

We really don't know from the Delay Proposal's inadequate discussion. Such unspecified and unsupported claims cannot provide basis for delay, particularly in the absence of any discussion of the extent to which lenders have made an effort to comply.

Even if compliance challenges posed reason for delay, which here they do not, they certainly cannot justify a delay of 15 months. The suggestion that insufficiently supported compliance challenges would warrant a 15-month delay is yet another way in which the Delay Proposal grossly disregards the harm that any delay at all will cause consumers.

6. THE BUREAU'S RFA CERTIFICATION, WHICH CLAIMS NO SIGNIFICANT IMPACT ON SMALL BUSINESSES, IS INCONSISTENT WITH ITS RATIONALE FOR DELAY.

The Bureau certifies that the Delay Proposal, if adopted, would not have a substantial economic impact on a significant number of small businesses.[148] This certification is inconsistent with the Bureau's rationale for delay. The Bureau earlier cites the proposed repeal as rationale for delay, in part because "some small lenders" believe the ATR Rule will "significantly reduce" their lending revenue, causing some to exit the marketplace.[149] The Bureau also notes, when claiming that State law changes support a delay, that "[s]ome smaller industry participants" have indicated they "do not have the resources" to update their systems to comply with new state and federal requirements at once.[150] Thus, the Bureau claims substantial economic impact on small businesses as a foundational justification for its delay, even while certifying it would have no substantial impact.

7. CONCLUSION

Delaying the Ability-to-Repay rule will clearly cost consumers billions of dollars in financial harm, lead to the loss of hundreds of thousands of cars on which families depend, and impose emotional, psychological, and physical harm resulting from the debt trap caused by unaffordable payday and vehicle title loans. The Bureau has unjustifiably disregarded those harms, while failing to justify a delay. Reconsideration of the rule is not an adequate basis for delay, and in any event, the Bureau offers no compelling basis for repeal. The Bureau also fails to point to any real "unanticipated" "obstacles" that would justify delay. We urge the Bureau to return to its statutory mandate to protect consumers and to permit this critical Ability-to-Repay rule to go into effect on August 19, 2019.

<u>APPENDIX A</u>:
Individual Borrower Experiences with Unaffordable Short-Term Payday and Car Title Loans

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[147] *See* 82 Fed. Reg. at 54694 (explaining that the Rule provides that if no RISs are registered, a lender does not violate the Rule if it makes a covered loan under § 1041.5 (the ATR requirements) without obtaining a consumer report from an RIS, while noting that loans under § 1041.6 are not permitted if an RIS is unavailable).

[148] 84 Fed. Reg. at 4304-05.

[149] 84 Fed. Reg. at 4300.

[150] *Id.*

Contacts at the Center for Responsible Lending

Rebecca Borné
Senior Policy Counsel
(202) 349-1868
rebeccabo@responsiblelending.org

Will Corbett
Litigation Counsel
(919) 313-8544
will.corbett@responsiblelending.org

Diane Standaert
Executive Vice President, Director of State Policy
(919) 313-8550
dianes@responsiblelending.org

Mike Calhoun
President
(202) 349-1862
mike@responsiblelending.org

Appendix A
Individual Borrower Experiences
with
Unaffordable Short-Term Payday and Car Title Loans

Introduction

Consumers across the country are devastated by the impacts of payday and car title loans they lack the ability to repay. The experiences are real borrowers' experiences and illustrate the harms associated with unaffordable payday and car title loans. These accounts were collected from a variety of sources. The Center for Responsible Lending has an established relationship with some of the victims who recounted their experiences. Other experiences were obtained through Freedom of Information Requests for complaints and original loan contracts that were sent to the consumer protection agencies of certain states. Borrowers' experiences were also derived from news articles and other media sources.

Coding

Following each story, one or more code is applied, indicating the following:

Type of harm experienced, based on the categories of harm the Bureau identifies in its 2017 Final Rule.

"**1**" Borrower endures long loan sequences, including frequent loan renewals, loan flipping, or long cycles of taking out one loan to pay another.

"**2**" Borrower experiences delinquency and/or default, including lender and bank fees triggered by the loan itself, aggressive debt collection, and loss of a vehicle.

"**3**" Borrower suffers collateral harms from default avoidance—making unaffordable payments, including defaulting on other major financial obligations or basic living expenses.

Other loan features:

"**CT**" Car title loan

Asterisks following an annual percentage rate (APR) indicate approximate APR as calculated by CRL staff, based on the information provided by the borrower.

Borrower Experiences

1. Arthur, a 69-year-old warehouse worker and grandfather of seven, started with a loan of $200 from Advance America. The loan eventually increased to $300. Every payday, rather than defaulting or coming up short on bill money, Arthur went into the Advance America store and paid a fee of $52.50 so Advance America would not deposit his check for the full loan amount. Advance America flipped the loan over a hundred times, until his total interest paid was an estimated $5,000. The clerks knew him by name and often had his paperwork ready for him when he came in. Payday lenders have a name for consumers they see every payday: "26ers"—because they pay up every two weeks, 26 times a year. In Arthur's case, they saw him once a

month rather than every two weeks, but only because his repayment came from his monthly Social Security check.
Source: *Caught in the Trap: The real story from payday lending borrowers* – CRL Issue Brief, June 2010
(1, 3)

2. Christopher received a $500 payday loan from CashNetUSA, with a total repayment of $625. He had to roll the loan over to the next month five subsequent times, meaning that he paid a $125 fee each time with none of the fee going toward paying off the principal. As a result, he paid $1250 total on his $625 loan. A few months later, CashNetUSA told Christopher they had increased his credit line to $1,500. He obtained the $1,500 loan with a total repayment of $1,875. When payment was due, Christopher did not have the money to repay the loan and contacted CashNetUSA prior to the due date to arrange a payment plan. The company debited a $375 rollover fee from his checking account and then took the entire $1,500 loan amount from his account anyway. Christopher did not have enough money in his account to pay the loan, so he accrued $934.82 in NSF fees from his bank and was unable to pay any of his other bills, including child support and rent. In order to prevent eviction he faced as a result, he took out another payday loan from CashNetUSA for $1,500 to pay his rent, further perpetuating the cycle of debt.
   Source: Florida Attorney General's Office, 2007
   (1, 2, 3)

3. Sandra, a successful professional, worked diligently to keep up with her bills. In a tough time, she turned to payday lending. After several rollovers, Sandra's first loan was due in full. She couldn't pay it off, so she took a loan from a second lender. Frantically trying to manage her bills, she eventually found herself with loans from six payday lenders including Advance America, Check Into Cash, Check 'n Go, Urgent Money Express and two on-line lenders. She paid over $600 per month in fees, none going to pay down her debt. After writing checks to payday lenders totaling $9,200, she was evicted and her car was repossessed. "At the time it seems like the way out, but this is not a quick fix. It's like a ton of bricks," said Sandra.
   Source: *Caught in the Trap: The real story from payday lending borrowers* – CRL Issue Brief, June 2010
   (2, 3)

4. Edith, a single mother, cut down on her family's groceries, stopped driving her car, and kept her lights off to save electricity as she scrambled to pay the fees on her payday loans. She took out her first $300 payday loan, and then a second and third, trying to repay the first. Edith borrowed a total of $900. She paid $135 in interest twice a month because she could not afford to repay the $900 principal owed. During the next year, she paid over $3,500 in fees alone, and still owed the original $900Source: CRL website: The Victims of Payday Lending. http://www.responsiblelending.org/issues/victims-payday.
   (1, 2, 3)

5. Delores, a 78-year-old retiree, borrowed $730 at an APR of 300% from Wisconsin Auto Title Loans when she needed new tires for her 1992 Buick Park Avenue. The company required her to turn over the spare key and title to her vehicle. A month later on the due date, her loan had grown to $1,027 and she couldn't afford to pay it. The amount due was more than her entire Social Security check. Because she couldn't imagine giving up her vehicle, she began to borrow

money from other sources just to pay the interest on the car title loan, never making a dent in the principal. She eventually sold her car for $1,000 to help pay the debt.
Source: Yeoman, Barry. "Sudden Debt." AARP Magazine September & October 2006: 108-113, 128. Print.
(1, 2, 3, CT)

6. Jane, a 79-year-old woman, obtained a $380 payday loan from SpeedyCash with a 259% APR to help pay for her daughter's cancer medication. She earned $922 in social security benefits and paid a rent of $430; the lender did not ask her about her ability to repay the loan and simply required proof of income. Despite making 16 monthly payments of between $65 and $95, Jane still owes $500 on the loan. She has never made a late payment although she owes other bills because that would allow the lender to take the full funds straight from her account. She reasons, "I would rather not pay my light bill than for the [payday loan company] to take all the money I need to pay my rent."
   Source: Video on file with Texas Appleseed.
   (1, 3)

7. Shortly after a heart attack forced her to retire, Sandra was short on cash. Her ex-husband had fallen behind on his alimony payments, and she didn't receive enough income from her monthly disability checks to cover all her bills. She received a payday loan for $150 from First Southern Cash Advance to pay her overdue telephone bill. The next month, her husband still had not paid the alimony, so she was unable to repay the loan. As a result, she borrowed money from another payday lender, then from a third and fourth just to attempt to pay off one loan and the interest. By the time she sought help from a legal aid attorney, Sandra was forced to give up her apartment and move into a trailer in her brother's backyard.
   Source: Yeoman, Barry. "Sudden Debt." AARP Magazine September & October 2006: 108-113, 128. Print.
   (2, 3)

8. Amy Keaton of Spring Hill, MO said during a public comment session that desperation led her to take out a $200 payday loan a year ago. "You get into that mindset when you are struggling that tomorrow will take care of tomorrow," Keaton said. "So I took out the loan, even though I knew that it wasn't a very good idea." Keaton said the lenders expected a payment of $297, and in return she would receive $250 for her bills. The amount she actually ended up paying escalated. "I was paying almost $100 a month just to take my own paycheck home," she said. Keaton will have her debt paid off this September with the help of Catholic Charities.
   Source: http://www.kansascity.com/news/business/article81380962.html
   (1)

9. Terrence Wise, who supports tighter regulation of the industry**,** said a $150 payday loan ended up costing him $400. "They were calling my job and harassing me at work," Wise said. "My employer told me I could be disciplined if they didn't stop harassing me. I had papers brought to my home serving me to court. And all of these things, they make you feel degraded."
   Source: http://kcur.org/post/hundreds-rally-downtown-public-hearing-proposed-payday-loan-rules#stream/0
   (1, 2)

10. Maryann Olson's monthly Social Security check wasn't enough to cover the cost of orthopedic shoes that she desperately needed so she turned to a payday lender. However, her $150 loan quickly turned into $1,900 in debt.
    Source:http://www.oregonlive.com/opinion/index.ssf/2015/03/congress_must_crack_down_on_pa.html
    (1)

11. "We got a payday loan of about $200," Lara said. By the time payday came around the lender wanted $300. They were able to pay back the $300, but they came up short on their next payment. "So we took out another loan," Lara explained. And just like that, the trap door slammed down. "It's just so easy to get. So easy! You just bring a paystub down and you tell them how much you need," Lara said. "I kid you not, we did that dance for close to six months," Lara said. "It was horrible. Just unbelievably horrible." Finally, Lara had to beg her parents to help get them out of the cycle for good.
    Source: http://www.tcdailyplanet.net/new-guidelines-nonprofits-help-curtail-predatory-payday-loans-in-minnesota/
    (1)

12. Christine obtained a payday loan from US Fast Cash for $350 in May 2007. The contract stated that she would owe a total of $455, which reflects an APR of 496.73%. When Christine discovered that payday loans were illegal in Kentucky, she repeatedly contacted US Fast Cash to inform the company that she would instead pay a total of $411.61, the maximum amount allowed under State law for a $350 loan. However, US Fast Cash insisted that she owed $560 in payments and sent her a threatening and intimidating email accusing Christine of "unreasonable demands" and trying to "set the terms" of the loan and stating that no one "twisted [her] arm" to obtain the loan.
    Source: Office of the Attorney General, Commonwealth of Kentucky, 2007
    (2)

13. 500FastCash solicited Beverly via email to obtain a payday loan for $300, and she accepted. She had an agreement with 500FastCash to debit her bank account on Fridays as she is paid on those days. Instead, the company debited her account on Thursdays before she was paid, which resulted in extensive bank overdraft fees. Beverly's bank closed her checking account, and she has hired a bankruptcy attorney. Moreover, 500FastCash has put her employment in jeopardy. The company has harassed her at work, calling her office despite her numerous emails to the company stating that she is not allowed to receive personal calls during work hours.
    Source: Office of the Attorney General, Commonwealth of Kentucky, 2010
    (2, 3)

14. Kenneth obtained a $250 payday loan and paid a total of $389 on the loan. Shortly thereafter, he took out another $250 loan with an APR of 547.5%. He paid $75 toward the new loan, but combined with the overdraft fees he had already been charged on the first loan, he had paid a total of $500. Kenneth asked the company to mark his account paid in full as he had repaid the $500 total principal amount of the two loans, but the company refused and continued to call him even though he requested that all correspondence be in writing.
    Source: Office of the Attorney General, Commonwealth of Kentucky, 2010
    (1, 2)

15. Carole received several payday loans in 2007 from different companies, including Ace Cash Express, Quik Cash, and Check 'N Go. She was on a fixed income consisting only of her disability payments, and she knew she could not afford to pay the balance of the loans. The companies never verified how many outstanding loans she had or whether she could actually pay the loans back. She notified each company that she wanted to pay the balance on her loans but could only pay $10 a month because she needed to have enough money to purchase her medication. Carole's son received a call from a person claiming to be a lawyer who told him that his mother was engaging in check fraud due to the outstanding payday loan. The caller instructed him to tell his mother to buy a prepaid card with $120 on it and to send her the routing number. She was collecting for a payday loan through Ace Express, which Carole could not to pay on, and the total loan price had ballooned up to $839.93. Carole could not afford to buy the prepaid card and was concerned that she would be sued by the company.
    Source: Office of the Attorney General, Commonwealth of Kentucky, 2010
    (2, 3)

16. Dennis received a $300 payday loan, and was under the impression that he would owe a total of $390 on the loan. Every payday, $90 was debited from his bank account. The company continued to withdraw money, and by the time he was forced to close his bank account, he had paid a total of $990 on a $300 loan. After his account was closed, the payday lender began calling his place of employment despite Dennis's requests that all correspondence be in writing, and the company has threatened to sue him and garnish his wages.
    Source: Office of the Attorney General, Commonwealth of Kentucky, 2010
    (2)

17. After Joe received a payday loan, he became unemployed. He owed CashNet a payment of $332.22, so he explained the situation to a representative of the company. They said that they understood. He then received a call at his parents' home, stating that a collection agency needed to speak to him concerning check fraud. CashNet had sold his account to a third party without telling him, and the collection agency attempted to charge a bank account that had been closed. Although he had previously told CashNet he closed that bank account and would need to pay with a new debit card, the collections agency accused him of committing check fraud. The accusation of check fraud has caused unnecessary tension and stress between Joe and his parents.
    Source: Alabama Attorney General's Office, 2011
    (2, 3)

18. After receiving a $250 payday loan from EZ Money, Terri was contacted by the company at her place of employment. Despite the fact that she informed EZ Money she could not receive personal correspondence at work, the company sent a letter to her job informing her that she had an outstanding balance on her loan. The letter even included the name of Terri's supervisor, which Terri interpreted as a threat to contact her employer.
    Source: Alabama Office of the Attorney General, Consumer Affairs Section, 2010
    (2, 3)

19. Robyn received a payday loan from National Credit Consultants three years ago. After making three sizeable payments to the company, Robyn asked to have her due date pushed back just one day. The company refused, threatened to have her arrested, and insinuated that they would contact her place of employment. Robyn has been brought to tears several times and feels sick

from the stress of the 4-5 calls she receives from National Credit Consultants each time a payment is due.
Source: Florida Attorney General's Office, 2011
(2, 3)

20. Justin received a payday loan for $450 from CashNet USA. Shortly thereafter, he noticed there was an additional $250 deposit in his bank account. He discovered that the credit was for a loan that he never applied for. He called the company and was told that CashNetUSA created a new loan on top of the one he already had because he had "shown interest." The company told him he should have declined the loan within three days if he did not want it, which he was unable to do because he had been out of town with no access to internet to check his bank account. Justin's bank account has been debited repeatedly for payments for the two loans; as a result, he has accrued $450 in bank overdraft fees and his bank has restricted the use of his debit card.
Source: Florida Attorney General's Office, 2008
(2)

21. A San Antonio family requested assistance from their church in developing a household budget and becoming financially independent. In the course of developing a budget, the church deacon discovered that the family would be able to live within their means except for one item of debt that was dragging them down: a $700 payday loan they had taken out roughly four months earlier to help with a rent payment on their home. The terms of the loan: $200 every two weeks was automatically deducted from the husband's bank account and timed with the deposit of his paycheck. This $200 did not reduce the original amount of the loan. It merely allowed for the $700 principal to roll-over until the next pay-period. In the course of the four months the family had maintained this loan, they had rolled the principal over nine times—at a cost of $1,800. Now, as they approached the church again for help, they needed help to pay their rent or face eviction.
Source: http://www.christianitytoday.com/local-church/2016/july/texas-pastor-payday-loan-reform-isnt-distraction-its-christ.html
(1, 2, 3)

22. Dodie received a $500 payday loan from National Payday. The company now says that she owes over $1,200 on the loan but will not explain the extra fees. National Payday has called her employer, her family, and her husband's employer and has threatened to file criminal charges against Dodie. Her mother had a heart attack after one of the company's harassing phone calls. Dodie informed National Payday that she has filed bankruptcy, but the calls continue.
Source: Florida Attorney General's Office, 2006
(2, 3)

23. Over a 17-month time period, Lisa, a single mom, received 35 payday loans from Urgent Money Service – roughly one loan every two weeks. She spent over $1200 in fees for a $255 cash loan that kept rolling over because she could never repay the loan within the two-week period. Each time, she would write a check for $300 and receive $255 back in cash. Urgent Money Service never took into account Lisa's income and expenses. Each of her biweekly paychecks amounted to only $600, so she was left with only $300 for her other bills and expenses until her next paycheck. The debt trap cycle continued as she couldn't afford to pay back the loan and couldn't stretch her remaining $300 to cover all her bills without obtaining yet another loan. The only

way she could stop the withdrawals from her bank account was to close her account. It took her two years to finally pay off the $255 loan.
Source: Commerce Committee meeting testimony, North Carolina General Assembly, 6/17/2003
(1, 2)

24. Lenny, who made about $600 a week, went to Advance America thinking a payday loan would help him catch up on an overdue bill. Over a year later, he had renewed his Advance America loan every two weeks, fallen deeper into debt, and taken a second payday loan to stay afloat. Lenny lost his apartment and ended up in a homeless shelter. While he lived there, Advance America continued to flip his loan, charging $20 per $100 every two weeks, 521% APR.
Source: *Caught in the Trap: The real story from payday lending borrowers* – CRL Issue Brief, June 2010
(1, 2, 3)

25. Mr. & Mrs. Anderson were unable to cure the default on their home loan because of their payday loans. A construction worker, Mr. Anderson had taken out payday loans from Advance America to help them through a bout of bad weather that slowed his work. They paid $200 every two weeks in fees to Advance America, for loans in both his and her names. This debt disqualified the couple for their loan modification.
Source: *Caught in the Trap: The real story from payday lending borrowers* – CRL Issue Brief, June 2010
(3)

26. Jason, a military service member who worked on a nuclear submarine in Kings Bay, Georgia, borrowed $300 from Advance America to make ends meet after being in a car accident. He soon found himself taking out loans from other payday lenders as he fell further and further behind. "In five months, I spent about $7,000 in interest, and didn't even pay on the principal $1,900. I was having marital problems because of money and didn't know what to do for Christmas for my kid," Jason told an AP reporter. The base emergency relief office finally helped Jason by paying off his triple-digit payday loans, some as high as 780% APR, and letting him repay the charity’s interest-free loan over 18 months.
Source: *Caught in the Trap: The real story from payday lending borrowers* – CRL Issue Brief, June 2010
(1, 3)

27. Clarissa and her 15-year-old son put in more sweat equity hours than required on their Habitat for Humanity house, in joyful anticipation of living in their own home. Clarissa worked full time but received no child support and struggled to manage her expenses, sometimes taking on a second job. When the company she worked for shut down, Clarissa borrowed from Advance America and Nationwide. Eventually, when she couldn’t repay one of her loans, the payday company deposited the check they were holding as collateral. The check bounced and both her bank and the payday lender charged her additional fees for insufficient funds.
Source: *Caught in the Trap: The real story from payday lending borrowers* – CRL Issue Brief, June 2010
(2, 3)

28. Anita went to an Advance America store in hopes of finding a solution to a common problem -- how to delight her grandkids on Christmas. Unable to repay the loan, she had to renew her loan

with Advance America every payday, paying $45 to keep the same $300 loan outstanding. She went to a second payday lender, Check ‘n Go, to help repay Advance America. Anita could not afford the $820 it would take to pay off the two loans in full and get out of the trap. After just four months, she had paid almost $1,000 in fees, and still owed the $820. “I got a promotion and a raise, but I never saw any of that money," said Anita. She finally went to her church to get help paying the rent, and to a consumer credit counseling agency to get help negotiating a repayment plan. It took her nine more months to complete these payments.
Source: *Caught in the Trap: The real story from payday lending borrowers* – CRL Issue Brief, June 2010
(1, 2)

29. Danny, a forklift operator from Kannapolis, was making $9.00 per hour. He got behind on his bills after being hospitalized from a heart attack and stroke. He went to his first payday lender in March 2000 and borrowed $300 for a 7-day term. This was about the same as his weekly pay, so he could not afford to pay back the loan, and got caught in the debt trap. Over the course of two years, Danny used eight different lenders including Advance America, Advance Internet, Check into Cash, and First Southern Cash Advance. He paid more than $5,000 in fees over the next two years, with over 170 check stubs for payments to these payday lenders.
Source: *Caught in the Trap: The real story from payday lending borrowers* – CRL Issue Brief, June 2010
(1)

30. Stephanie paid her first payday loan back the first time when it was due on payday, but a few days later came up short again, so she took out another loan. "I was paying the fees, but still coming up short on bills. So I got a loan from another lender just to pay the fees on my other loans. I ended up with several loans from different payday lenders, struggling to pay the interest every two weeks so I wouldn't default, because if I did they would have passed my check to the bank." Stephanie had loans with Advance America, Check Into Cash, Check ‘n Go and several others. Eventually she was paying $800 every month just in interest fees, without paying down any principal. "The payday lenders were not willing to work with me, even after I talked to them about my situation following the advice of my credit counselor," she said. One payday lender threatened to send her check to the magistrate's office, and to take her to court for writing a bad check.
Source: *Caught in the Trap: The real story from payday lending borrowers* – CRL Issue Brief, June 2010
(1)

31. Betty, a senior, took out a small $100 payday loan. She had no other debt at the time. When this loan came due a month later, she borrowed from a second payday lender to repay the first. Then then she did this four more times. With six loans, she was paying over half of her $564 monthly Social Security income in payday fees, never paying down a penny of principal on these loans. She lost her phone and got one-time emergency help from social services to avoid eviction. Some time later, we could no longer reach Betty at her apartment.
Source: CRL Issue Brief: *Why We Must Keep Payday Lenders Out of NC: North Carolinians Caught in the Debt Trap*, April 2016
(2, 3)

32. With retirement and disability income, Mary, a 62-year-old African American mother and grandmother, brought in about $1,000 per month. She took out her first payday loan because she needed "a little extra" money to go out of town. Like many borrowers, she had to take out a second loan to pay off the first. She ended up with loans from four payday lenders. "When I get a little extra money, I'm going to pay them off and I'm through with them," said Mary. "It's a rip off. There's nothing cute about it. I'm supposed to get some money, but I lose money." The fees Mary paid to keep from defaulting on her payday loans added up to over 40 percent of her monthly income.
    Source: CRL Issue Brief: *Why We Must Keep Payday Lenders Out of NC: North Carolinians Caught in the Debt Trap*, April 2016
    (1)

33. After her husband was laid off, Pamela borrowed $500 from a payday lender. But the Phoenix, Arizona, woman found that she could not manage to repay the $588 she owed ($500 plus $88 in fees) when it was due in two weeks. She went to a second lender to pay the first, and a third to pay the second, getting in deeper until she had five loans of $500. She was paying $880 every month in payday fees, never paying down the principal owed. By June of 2004, she had paid $10,560 in interest on these five loans. She was afraid of going to jail if she stopped paying the fees, and had no idea how to get out of the trap.
    Source: CRL website: *The Victims of Payday Lending*.
    http://www.responsiblelending.org/issues/victims-payday.
    (1, 3)

34. Kym, a single mother working as a temp, took out a payday loan when a friend told her about how she could borrow money until her next payday. She quickly fell into the debt trap and had to pay a high fee every payday to renew the loan and avoid default. When she had trouble keeping up this cycle, she took out a second loan to pay fees on the first. She paid on both loans for about a year, finally convincing one of the lenders to let her pay off the loan in increments. It took Kym another eight months to shake free from the debt trap.
    Source: CRL website: *The Victims of Payday Lending*.
    http://www.responsiblelending.org/issues/victims-payday.
    (1)

35. As a grad student, Allen found it very difficult to pay off the four payday loans he had accumulated. When he did manage to pay off one or two of the loans, he soon found himself strapped for cash and forced to renew the loan. Allen finally sought help from a credit counselor. He sent letters to the payday lenders asking for a payment plan he could afford. But instead of helping him work out payments, one of the lenders deposited his check upon receiving his letter, and it bounced twice before he could cancel the check. Two other lenders were internet-based companies who automatically drafted his checking account. He had to close his account to stop them. When one of these lenders received Allen's payment plan letter, they called and threatened to send a sheriff to his house and serve him court papers. Allen now realizes he has technically repaid the debt several times over in rollover fees.
    Source: CRL website: *The Victims of Payday Lending*.
    http://www.responsiblelending.org/issues/victims-payday.
    (2)

36. Rhonda and her two daughters experienced a financial crisis last summer that sent Rhonda looking for help from payday lenders. She found not the help she needed, but disaster. Rhonda fell into the payday lending debt trap - the terms of the loans she took out required her to either pay them off in less than two weeks or have $90 fees automatically debited from her bank account repeatedly. Those loans, at triple-digit APR, have cost her much more than the exorbitant fees. Her family's finances are in ruins and she is planning to file bankruptcy.
Source: CRL website: *The Victims of Payday Lending*.
http://www.responsiblelending.org/issues/victims-payday.
(1, 3)

37. Like many borrowers, Janis went to one payday lender to get help paying the fees of another. She ended up borrowing from three different lenders. Since she could not pay the loans in installments, she paid the repeat fees until she got her tax returns. When she couldn't keep up with the fees one lender demanded, they called and left her a message saying that they would take her to court if her account was short. It was several months before Janis found her way out of the trap, and she needed help from social services during this time, once to pay her rent and twice to pay her light bill.
Source: CRL website: *The Victims of Payday Lending*.
http://www.responsiblelending.org/issues/victims-payday.
(1, 2, 3)

38. Sandy's first payday loan was for $100, with an $18 fee. She worked down the street from the payday shop, and since she was short on cash, she called to see what she needed to get a loan. All she needed was a source of income and a banking account, so she walked into the shop, and walked out 15 minutes later with the loan. Sandy got caught up in the payday lending debt trap, taking out multiple loans to pay the fees on each one as they became due. At one point, she was paying $300 every two weeks for four different loans. Over a six-month period, this added up to $3,600, but she was in the trap much longer, paying off one loan, then another, until she lost her job and could no longer keep up with the fees. She filed bankruptcy.
Source: CRL website: *The Victims of Payday Lending*.
http://www.responsiblelending.org/issues/victims-payday.
(1, 2, 3)

39. Betty, a senior citizen, paid over half of her $564 monthly Social Security income in payday fees, never paying down her loans. She lost her phone and needed emergency help from social services to avoid eviction.
Source: CRL website: The Victims of Payday Lending.
http://www.responsiblelending.org/issues/victims-payday.
(2, 3)

40. Lauren received a car title loan from TitleMax for $817.19, with an initial APR of 66.02%. (She was also charged monthly for automobile insurance coverage, which the company claimed was voluntary. However, TitleMax required certain stipulations if customers wanted to use their own auto insurance, including paying the policy through the maturity date of the transaction in advance, listing the company as a lien holder on the insurance policy, and carrying a deductible of no more than $500. Lauren could not afford to pay her insurance premium in advance, and as a result had to pay TitleMax monthly for auto insurance in addition to the loan principal and interest.) As she could not afford to pay off her loan in full each month, Lauren was forced to

refinance the loan 13 times. Each renewal resulted in an increase in the monthly auto insurance premium she was charged by TitleMax. She eventually surrendered her 2004 Chevy van to the company because she could not afford to repair it. At the time of surrender, her balance on the loan had ballooned to $3,883.35 and she had been charged $4,128.55 in fees and other charges over the course of the loan.
Source: Florida Office of Financial Regulation, 2014
(1, 2, CT)

41. Fearing she and her family would soon lose their home, Jessica obtained a $1,900 car title loan from Instaloan in October of 2013. It was marketed as a no-credit-check collateral loan, but she did not understand what that meant. When she asked the company representative, he told her that it was a car title loan but he wasn't allowed to tell customers that. Jessica was also told that she was required to purchase their auto insurance even though the contract terms indicated the insurance was voluntary. Over the next 13 months, she paid more than $4,000 for her $1,900 loan, and none of her payments have been applied toward the principal of her loan. Recently, she moved from Florida to Arizona. She called Instaloan to ask for their address so she could send her payment via mail and was told she could not mail a payment because the company needed to receive the payment and a signature on the loan renewal on the same day. Instaloan told her the only option was to contact another title loan company and have them buy out the loan at the payoff amount. The company representative recommended that she contact TitleMax, which she realized was the same company as Instaloan. No one from TitleMax has returned Jessica's phone calls, and she is worried that her vehicle will be taken.
Source: Florida Office of Financial Regulation, 2014
(1, 2, CT)

42. Shirley, an elderly woman on a fixed income, received a car title loan from TitleMax for $2,453. She did not understand that the loan had to be repaid in one lump sum or it would be flipped each month and she would accrue new finance charges. Because she was unable to pay the full amount of the loan at once, TitleMax flipped the loan six times. Shirley paid over twice the principal amount of the loan to the company, including $1326 for the company's auto insurance. When she was ultimately unable to make a monthly payment, TitleMax repossessed her vehicle.
Source: Florida Office of Financial Regulation, 2014
(1, 2, CT)

43. James, a 67-year-old on a fixed income, obtained a $500 car title loan from TitleMax in May 2013. He had hoped to be able to pay the loan off in three months; however, he has paid $957 over the past year and still owes $603.98 – over $100 more than the original loan principal. His loan has been flipped 14 times, and he does not understand why he is also charged a monthly auto insurance premium. After paying almost twice the original principal amount, James is now in danger of losing his vehicle as TitleMax claims he is 15 days late in making a payment.
Source: Florida Office of Financial Regulation, 2014
(1, 2, CT)

44. Deborah received a $2,000 car title loan from TitleMax in July 2014. Her loan has been flipped ten times and despite paying over $4,000 to the company, she still owes $1,785.73 – almost as much as the original amount of her loan. Over the course of the year that she's been paying on her loan, the APR has ranged from 43.33% to 46.48% and she has been forced to pay for costly auto insurance that she does not want and did not understand she would have to pay at the

time she signed the contract. Representatives from the company have called her place of employment several times a day, putting her job at risk. When she was late on her payment to TitleMax, they sent a tow truck to her place of employment to repossess her vehicle.
Source: Florida Office of Financial Regulation, 2014
(1, 2, CT)

45. Sam received a $604.31 car title loan from TitleMax in July 2013, which carried an APR of 78.7%. His loan was flipped three times and he was forced to pay for auto insurance that he did not need or want. Although the loan contract indicated that the company's auto insurance was voluntary, he was told that his existing car insurance did not meet the company's requirements. The loan contract stated that the policy through TitleMax does not insure the customer against liability for bodily injury or property damage caused to others and does not suffice under Florida's law requiring all resident motorists to have auto insurance for personal injury protection and property damage. As a result, Sam paid $246.17 over four months for TitleMax's car insurance, in addition to the coverage he paid for under his existing insurance policy. Over four months Sam paid a total of $1,186.00 for a $604 loan.
Source: Florida Office of Financial Regulation, 2014
(1, 2, CT)

46. Betty was 78 years old and drove very infrequently when she decided to pursue a car title loan for $2,217.29 from TitleMax. The company required her to buy their auto insurance unless her current policy met their criteria. After realizing that she had paid $348.48 over three months for their additional auto insurance that she did not want or need, she decided to decline TitleMax's insurance and use her current coverage with Geico instead. She believed her insurance met TitleMax's requirements, but she received a call from the company telling her that she had to list them as the payee within fifteen minutes or be forced to pay $175.00 per month for their policy. She believed she was being taken advantage of by TitleMax because she was elderly and did not understand what she was signing.
Source: Florida Office of Financial Regulation, 2014
(1, 2, CT)

47. Derek received a car title loan from TitleMax for $1,541.06 in May 2014. After paying on his loan for three months, his fourth payment was late. As a result, the company required that he take out an auto insurance policy even though he already had full insurance coverage through another provider and had listed TitleMax as the payee on that policy. He gave them documented proof of his current insurance policy but was told that he must purchase TitleMax's additional insurance although the form he was required to sign stated that the insurance was voluntary. When he attempted to make his payment of $98.00, Derek was told that he owed an additional $141.82 for the additional insurance. Derek could not afford the increased monthly payment and TitleMax is now threatening to repossess his car.
Source: Florida Office of Financial Regulation, 2014
(1, 2, CT)

48. Diego received a car title loan from TitleMax for $654.77 with an APR of 76.4% in September 2013. Over the next year, his loan was flipped eleven times. During this time, he was charged $334.30 extra for auto insurance financed through the company. Although he had a current auto insurance policy, TitleMax required that his policy be current through and including the next payment date. However, Diego found that the company would not accept his insurance

policy because he paid his insurance premium each month on the day after his loan payment was due and therefore could not provide proof of insurance until the next business day after he had already renewed the loan.
Source: Florida Office of Financial Regulation, 2014
(1, CT)

49. Phyllis received a car title loan from TitleMax for $643.73 that carried an APR as high as 115.6%. She has paid $2,190 on the loan over 18 months and still owes $261.64. Despite paying over three times the principal amount of the loan, the company has repossessed her vehicle twice, forcing her to pay an additional $400 each time to receive access to her vehicle.
Source: Florida Office of Financial Regulation, 2014
(1, 2, CT)

50. Jane received a car title loan from TitleMax in November 2013 for $4,335.86. Despite having paid $3,245 over the past eight months, the company says she still owes $3,686.73. She has paid $272.50 for auto insurance through TitleMax even though she already possesses a current auto insurance policy.
Source: Florida Office of Financial Regulation, 2014
(1, CT)

51. After her husband passed away, Rachel was short on cash and decided to obtain a car title loan from TitleMax in August 2014 for $3,000. After paying on the loan for a year, including over $2,000 in auto insurance she did not need or want, she had to return to her previous residence in Wisconsin to handle an issue with her husband's estate. When she called TitleMax to let them know she'd be sending her payment by money order, she was told that she had to make all payments in person because she was also required to renew the loan at the time of payment. A company representative even told her that TitleMax sends an employee to the hospital to obtain payment and a signature on the loan renewal if a customer is hospitalized during the time a payment is due. She called several times after that to again see if she could make a payment over the phone or have a relative make a payment in person, but the company refused. Because she could not return to Florida to make a payment, TitleMax is in the process of repossessing Rachel's vehicle.
Source: Florida Office of Financial Regulation, 2014
(1, 2, CT)

52. Dan received a car title loan from TitleMax in October 2014 for $1,500, with an APR ranging from 47.2% to 51.9%. Over the past year, he has paid a total of $2,371.54, yet he still owes $1,415.53—almost the entire original loan amount. Although Dan informed the company that he had AAA Plus coverage and did not want to purchase any additional towing services, he was told he must pay $12.50 per month for a "tow package." In addition, he has paid a total of $1,357.80 in car insurance to the company.
Source: Florida Office of Financial Regulation, 2014
(1, CT)

53. Mr. R utilized payday loans for temporary help when he struggled to pay his bills. He ended up taking out at least 24 loans over the course of four years, becoming trapped in the payday debt cycle. His final loan was from a tribal payday lender who took $250 out of his bank account every two weeks. Only $50 of the payment applied to the principal of the loan, with the

remaining $200 going towards fees. Eventually Mr. R was forced to close his credit union account, and even though he had repaid the principal several times over, he was harassed with round-the-clock phone calls from the payday lender.
Source: Brief of *Amici Curae* Nine Advocacy Organizations in Support of Defendants-Appellees Urging Confirmance, *The Otoe-Missouria Tribe of Indians v. New York State Department of Financial Services*, No. 13-3769 (2nd Cir. Nov. 13, 2013).
(1, 2, 3)

54. Ms. B is a 71-year-old whose only income is her Social Security benefits and her pension. In November 2012, she received payday loans from three different lenders to help pay her bills. Immediately, she struggled with the payments, which caused her to fall further behind on her rent and other bills. As a result, she took out another payday loan in January 2013. She was able to stop the lenders' withdrawals by closing her bank account, but they continue to harass her by phone and email, even threatening to sue her on the illegal loans.
Source: Brief of *Amici Curae* Nine Advocacy Organizations in Support of Defendants-Appellees Urging Confirmance, *The Otoe-Missouria Tribe of Indians v. New York State Department of Financial Services*, No. 13-3769 (2nd Cir. Nov. 13, 2013).
(2, 3)

55. Ivy, a retail worker from Brooklyn, took out six internet payday loans carrying APRs as high as 782%, to help pay her bills. The payday lenders continuously drained her bank account, often triggering overdraft fees. In a two-month period, the lenders tried to debit her account 55 times, and she was charged $1,500 in overdraft fees as a result. Because she was unable to pay the overdraft fees, her bank closed her account and reported her to ChexSystems, a consumer reporting agency, which prevents her from opening accounts at other banks.
Source: Brief of *Amici Curae* Nine Advocacy Organizations in Support of Defendants-Appellees Urging Confirmance, *The Otoe-Missouria Tribe of Indians v. New York State Department of Financial Services*, No. 13-3769 (2nd Cir. Nov. 13, 2013).
(1, 2, 3)

56. Subrina's exempt child support funds were seized by her bank after she took out three internet payday loans to help pay her bills. The lenders withdrew as much as $168 in fees from her bank account biweekly, while her bank charged her $800 in overdraft fees as a result of the repeated debits. Further, the bank illegally seized more than $600 in child support funds to cover the fees. The payday lenders refused to stop debiting her account. The bank eventually closed the account, but repeatedly called her to pay the overdraft fees and reported her to ChexSystems, a consumer reporting agency, to prevent her from opening accounts at other banks.
Source: Brief of *Amici Curae* Nine Advocacy Organizations in Support of Defendants-Appellees Urging Confirmance, *The Otoe-Missouria Tribe of Indians v. New York State Department of Financial Services*, No. 13-3769 (2nd Cir. Nov. 13, 2013).
(2, 3)

57. Cynthia, a New York City employee and single mother, borrowed eight payday loans over the course of several months when she fell behind on her rent. Soon, her entire paycheck was swallowed by the lenders. One company that debited money from her account never even made her a loan, but simply obtained personal and financial information from another lender and began electronically debiting her account. Cynthia's bank charged her $1,390 in overdraft fees, seized $721 in child support funds, closed her account, and reported her to ChexSystems

so that she could not open an account at another bank. Two years later, debt collectors continue to harass Cynthia to repay the illegal loans.
Source: Brief of *Amici Curae* Nine Advocacy Organizations in Support of Defendants-Appellees Urging Confirmance, *The Otoe-Missouria Tribe of Indians v. New York State Department of Financial Services*, No. 13-3769 (2nd Cir. Nov. 13, 2013).
(2, 3)

58. Yesenia's mother was diagnosed with breast cancer and could no longer work. Yesenia borrowed $510 (two loans of $255 each) to help pay the rent. She was trapped in a cycle of debt for 5 months, where she paid $90 every two weeks in fees alone. When she became late on a payment to the payday lenders, they debited her bank account for the full amount of the loan, wiping out all of her funds and causing her to incur overdraft fees. A non-profit charity called Season of Sharing helped her pay one month's rent and she was finally able to pay back the loans. She paid $900 in fees to borrow $510.
Source: http://www.responsiblelending.org/issues/payday-loans-california-video
(1, 2, 3)

59. George, an elderly man living in California, borrowed $1,020 (4 payday loans of $255 each). He was stuck in a debt trap for three years and paid $180 in fees every two weeks. Dolores Street Community Services helped him find his way out of the debt trap. He paid $12,960 in fees to borrow $1,020.
Source: http://www.responsiblelending.org/issues/payday-loans-california-video
(1, 2)

60. Michael borrowed approximately $1,530 (six payday loans of about $255). He has been stuck in the debt trap for more than two years and pays $270 per month in fees alone. Michael's monthly fees take a quarter of his Social Security benefits. He is working with a non-profit organization called Community Housing Works to help him get out of the debt trap. So far, he has paid more than $6,000 in fees to borrow $1,530.
Source: http://www.responsiblelending.org/issues/payday-loans-california-video
(1, 2)

61. Kimberly borrowed $1,550 from three different payday loan companies: one store front, one online, and one bank payday loan. She was stuck in a cycle of debt for nearly six months. She stopped paying her electric bill, went without power, and stopped buying groceries until she was able to pay back all her loans. She paid more than $2,800 to borrow $1,550.
Source: http://www.responsiblelending.org/issues/payday-loans-california-video
(1, 2, 3)

62. Realizing that her next payday was two weeks away, Leticia Ortega worried about how she was going to get enough cash to pay overdue telephone and electric bills. Then Ortega, a cashier in San Antonio, Texas, spotted an advertisement by National Money Service in a local weekly newspaper. National Money Service charged her a $90 interest fee for a $300 loan, due by her next payday. This fee amounts to an APR of 780%. When the loan's due date arrived, Ortega did not have sufficient cash to repay the entire loan. Consequently, for almost a year, National Money Service debited Ortega's bank account every two weeks in the amount of $90 as interest to "roll over" the loan. Because none of the $90 interest payments counted as principal, Ortega still owed National Money Service $300 even though she had paid $1,800 in interest charges.

Source: Creola Johnson, *Payday Loans: Shrewd Business or Predatory Lending?*, 87 Minn. L. Rev. 1, 2–3 (2002)
(1)

63. Patricia Turner, 47, went to E-Z Check Cashing of Cookeville, Tennessee, when her job sorting jeans at a garment factory didn't pay the bills. E-Z loaned her $300 for 30 days. At the end of 30 days, Turner was unable to repay the loan. She could have defaulted, but instead chose to extend the loan by paying a cash extension fee of $105. After she extended the loan eight times, paying $840 over an eight-month period without reducing the principal of the loan, she was unable to pay either the balance of the loan or an additional extension fee. Despite insufficient funds in her account to cover it, E-Z deposited Turner's eight-month-old check. When the check bounced, Turner declared bankruptcy.
Source: Charles A. Bruch, *Taking the Pay Out of Payday Loans: Putting an End to the Usurious and Unconscionable Interest Rates Charged by Payday Lenders*, 69 U. Cin. L. Rev. 1257 (2001)
(1, 2, 3)

64. Wilma A. Ruby entered into a total of 33 payday-loan agreements with Cashnet, Inc., d/b/a Cash Advance Centers, beginning in March 2005. The amount of the loan increased over time, starting at $200 and reaching $500. Typically, Wilma paid $575.00 (interest of $15 per $100) in cash to Cashnet and then would immediately enter into another payday loan agreement with Cashnet for $500. This cycle continued until November 2007, when Ruby entered into her final loan agreement with Cashnet for $500, which she could not repay. The Virginia Supreme Court noted: "With a fixed income of only $624.00 per month, Ruby could not afford to repay in full her loan with Cashnet and meet her monthly expenses. Thus, each time she repaid in full one loan, she immediately had to obtain another, usually for the same or a greater amount." In Ms. Ruby's words: "After I did it I had to because I couldn't -- I had to keep paying it because I couldn't get away. I had my rent to pay and my lights and my phone and if I didn't, if I didn't, if I didn't, I wouldn't be able to pay my rent and stuff."
Source: *Ruby v. Cashnet, Inc.*, 281 Va. 604, 607, 708 S.E.2d 871 (2011), https://www.consumeradvocates.org/sites/default/files/CashnetVRuby.pdf.
(1)

65. On December 14, 2010, Timothy Williams obtained a short-term personal loan from Valued Services. The loan was for $550, and was due to be repaid approximately one month later. The APR was listed at 385.28%, with a total finance charge of $156.75. On January 10, 2011, the day the December loan was due, Williams obtained another loan from Valued Services to repay the December loan. The January loan was for $706, with APR of 246.51%, and a total finance charge of $1,241.40. It required Williams to repay the loan in 12 monthly payments, beginning February 9, 2011. Valued Services made high-interest loans to Williams despite the fact that Valued Services' files showed Williams' sole source of income was a monthly social security payment of $1,147. It also showed that in November 2010, Williams had an ending checking account balance of $8.32.
Source: Williams v. Valued Servs. of Wisconsin LLC, No. 2012AP2115, 2013 WL 4016941 (Wis. Ct. App. Aug. 8, 2013)
(1)

66. In June 2008, Dominginho Powell obtained a car title loan from The Payday Loan Store of Illinois (PLS) using his 1972 Oldsmobile as collateral. The loan was for $2,265 with an APR of 300% and called for two installments: one payment of $558.49 in July and a balloon payment of $2,842 in August. The finance charge was listed as $1,135.60. PLS knew that Dominginho would not be able to make the balloon payment at the time of the loan but entered into the transaction anyway. When he went in to make the first payment in July, he was told that he had to refinance the loan. He went back to PLS in August to make his second payment, and PLS took a payment for the old loan and told Dominginho that he was required to refinance the remaining balance of $2,263, which was not yet due. PLS flipped his loan seven more times, each with terms more unfavorable than the last. Dominginho was told this is the "way loans work." When he was told he had to refinance for the seventh time, Dominginho realized that he had paid almost $5,000 in finance charges for a loan that was supposed to cost $1,135. He still owes $2,235—almost the original principal amount of the loan.
    Source: Complaint, *Powell v. The Payday Loan Store of Illinois, Inc.*, No. 09 C 4146, 2010 WL 3893894, (N.D. Ill. Sept. 28, 2010)
    (1, CT)

67. Peter Alfeche entered into 23 payday loans with CashNet over a 10-month period, paying the company approximately $2,000 in fees. Being short on money an unable to meet all of his monthly expenses, Peter first obtained a loan from Cash America in November 2006. He agreed to borrow $250 for nine days for a fee of $62.50, representing an APR of 1,013.89%. Many of his subsequent 22 loans were obtained to pay off previous loans, as he often lacked enough money on the due date to pay off the loan and still pay his recurring expenses. Once Peter had established a personal account with CashNet, he also received email invitations to take out more payday loans from other internet payday lenders. Over the 10-month period in which Peter received the 23 loans from CashNet, he also obtained additional payday loans from some of these other lenders. In addition to paying $2,000 in fees to the payday lenders, he incurred hundreds of dollars per month in overdraft charges from his bank.
    Source: Class Action Complaint, *Alfeche v. Cash America International, Inc.*, No. CIV.A. 09-0953, 2011 WL 3565078 (E.D. Pa. Aug. 12, 2011)
    (1, 2)

68. Cynthia Williams and her husband were facing financial difficulties, so she decided to apply for and received a payday loan of $500 with an APR of 430% from Advance America. Over the next year, she was trapped in a cycle of debt with the company. Although the payday loans consumed over half of her monthly income, Advance America never considered Cynthia's ability to repay. As a result, she fell behind in her mortgage payments. Cynthia and her husband were only able to save their home with the help of a nonprofit foreclosure prevention group by taking on second jobs and increasing their workload by 70 hours per week.
    Source: Plaintiffs' Second Amended Complaint*, Williams v. Advance Am., Cash Advance Centers of Missouri, Inc.*, No. 07-04187-CV-C-NKL, 2007 WL 3326899 (W.D. Mo. Nov. 6, 2007)
    (1, 2, 3)

69. Jennifer Williams of Clarksdale, MS, teaches at a high school but remains in a debt trap due to payday lenders. She at one point owed thousands to nine different payday lenders in three separate towns. What started as a $100 loan when she had just began teaching in 2006 and needed a small amount of money due to her credit cards defaulting in college, had accrued to $4,000 in debt by 2009. She says, "It takes a toll on you, mentally. Those places are the devil.

Once you get wrapped into it, it's hard to get out". After her son was born in 2011, she decided to enroll in a 5-week financial boot camp, which was sponsored by the community bank, Southern Bancorp. As a result of completing the boot camp, she qualified for a savings account, as well as an affordable loan, with which she could refinance her debt. Credit counselor Charlestien Harris from Southern Bancorp states that Jennifer's situation is not uncommon.
Source: http://www.csmonitor.com/Business/2016/0903/Payday-loans-a-scourge-but-still-a-need
(2)

70. Don Miller of HopeLink, a center that assists low-income families and people in Nevada, says that most seniors who he works with are living on $700-900 per month for utilities and rent. Some may take out $150 in payday loans to afford food in a crisis, not realizing that it will take them at least a year or two to pay off. Miller states that many of the seniors go into debt, with at least half of them having taken out payday loans. He also states that they often default on their loans and receive an influx of phone calls from the lenders, who usually threaten to send a lawyer to their homes.
Source: https://www.reviewjournal.com/local/local-las-vegas/downtown/seniors-often-pay-hefty-price-for-relying-on-payday-loans/
(1, 2, 3)

71. A man confided in pastor Wes Helm about his financial hardship with payday loans. Helm looked through the man's budget and discovered one major monthly expense: a payday loan fee three times more than the loan itself. When the church conducted a further investigation, they found that dozens other families at the church had been victimized by payday lenders as well, sometimes even losing their vehicles and homes.
Source: http://www.npr.org/2016/06/16/481558398/with-payday-loans-burying-borrowers-community-tries-alternatives
(2, 3)

72. J.F. from Fresno, California, stated, "About two years ago I used a payday loan to assist with monthly expenses. I thought it would be easy to pay off but then I noticed I could not afford to pay the loan without securing another! The lenders provide little to no other option to pay back the loan which lets you know they aren't concerned with helping you get through the hard spot they are more concerned with keeping you in the endless cycle to pad their pockets! Payday loans are BAD business!!!"
Source: Collected by the California Reinvestment Coalition
(1)

73. S.F. from Oakland, California, shared, “In 2006 I was working full-time but when my boyfriend moved out I had to pay the entire rent myself and had trouble making ends meet. I started to use the payday loans and soon found myself in an endless cycle of debt, having to pay off two or more in cash every two weeks in order to get two more to cover my bills. The loan rates were outrageous and some of these franchises require you pay in cash instead of depositing your personal check. It took me a couple of years to get out of this cycle of debt and it kills me to think of all the money I lost on fees over those years. I will never use those services again. These companies are absolutely predatory and should be fully regulated and restricted since they profit from the people who can least spare the financial fleecing. Thank you."
Source: Collected by the California Reinvestment Coalition
(1, 2)

74. J.J. from Lamont, California, stated that he had "[n]o work, needed money to keep afloat and the lender made it too easy to get loan, a car title loan and it has been a nightmare, do yourself a big favor don’t ever get a title loan!"
Source: Collected by the California Reinvestment Coalition
(CT)

75. M. from San Diego, California, lamented, “I have been caught up in payday loan for over a year now it’s taking all of my money and I don’t know how to get out help."
Source: Collected by the California Reinvestment Coalition
(1)

76. D. D. from Los Angeles shared his story, explaining, “I was in a difficult financial time in my business and needed a $2,500 loan to cover my rent that was due. I had exhausted all my other options and wasn’t expecting any checks for a few weeks. I own my car and decided to go to Loanmart to get a loan. I called them up, told them what I needed and what kind of car they had. They approved me for $3,000, even though I asked them for only $2,500. Considering I was desperate for money, I went ahead with it, not knowing about the interest cap over $2,500. Which I am sure they were well aware of and is why they urged me to get a higher loan. So, after 2 years of paying, I have now given them over $4,500, that’s $1,500 more than the original loan. They say I still owe them $3,000. For a total of $7,500 due on a $3000 loan. It’s highway robbery. These people are awful, they harass me all the time, lie to me about payment due dates and even on one occasion sent me to collections on a missed payment even though I had already paid it for that month from their 3rd party payment site (moneygram). I went and checked and the payment never went through. Which is very suspicious. Now they are threatening to repo my vehicle. I don’t know what to do, this whole experience has been horrible. I am self-employed and struggle enough getting by. I hope someone can sue them for these shady business practices. I will be more than happy to testify against them.”
Source: Collected by the California Reinvestment Coalition
(1, 2, CT)

77. An anonymous borrower reported the following story to the Pew Charitable Trusts, who shared the story with the LA Wave: “I had to come up with money [when] my husband was out of work, and I actually was up to $900 [in storefront payday loan debt]. … My entire check was gone the next two weeks, so that’s when I went to the online ones. … And then after I did the online ones, and got in that loop, and got stuck in there, I went back to the store again, and, yeah, it got bad. And my [checking] account ended up pretty negative. I had to close it out totally.”

Source: http://wavenewspapers.com/payday-lenders-may-face-new-regulations/
(1, 3)

78. Raymond Chaney, now 66, is a veteran who became homeless after he took out a payday loan and spiraled into the debt trap. He took out a $400 loan to have his car repaired. The $400 loan led to $3,000 in additional loans, and he eventually owed $12,000 to many different lenders. He was struggling to stave off overdraft fees to banks and also make his rent. The payday lenders had full access to his account and eventually took all of his Social Security check. Chaney lost his apartment as a result. He now lives in a rescue mission located in Boise, and is working with the Idaho Consumer Finance Bureau to pay off his debt. His advice to anyone considering taking out a payday loan is as follows: “I had a friend who had back surgery, and it was so painful...If the choice is between back surgery and dying, consider dying. Well, I give people the same advice about payday loans. If the alternative to a payday loan is dying, think long and hard about dying.”
Source: http://www.nbcnews.com/feature/in-plain-sight/drug-payday-loan-users-hooked-quick-cash-cycle-v18088751
(1, 2, 3)

79. Ann Baddour, Director of Fair Financial Services Project, spoke on behalf of an anonymous borrower at the United Way Leadership Breakfast. She said that the senior citizen, who was living on Social Security, had taken an auto title loan at a value of $2,000 three years prior. She still owed the lender $1,900 after paying off $9,200 on the $2,000 loan.
Source: http://www.tdtnews.com/news/article_fa7d0ea0-7f8f-11e6-9006-afc9a2e7f963.html
(1, CT)

80. As reported by the American Forces Press Service, one military borrower took out a $300 loan when he was desperate for money to help him afford expenses necessary for his three children. He got trapped into the cycle of jumping from lender to lender in order to afford the original loan. The $300 loan soon cost him $15,000.
Source: http://www.military.com/money/personal-finance/credit-debt-management/pay-day-loans-big-business-for-them-headache-for-you.html
(1)

81. Joylynn M. Jossel from Columbus, OH, took out a loan of a couple hundred dollars. She could not pay off the first loan, so she took out a new loan from another payday lender, eventually owing money to four different lenders. Soon she was paying $1,800 each month on payday loans alone. At one point, she had to let a $600 loan she had taken out bounce to avoid dire circumstances. “It was either that or not pay my rent that month,” she says. “It was horrifying. They tell you any and everything to get you to come in and pay for the check that didn't clear. They'll tell you, 'You're a criminal, you wrote a bad check. That's against the law, it's a felony, you're going to jail.' They call all of your references and your job. It's horrifying. I felt so suffocated. It felt as if I was in this black hole that I just couldn't get out of.” Soon enough, the other three loans bounced as well, as she had to afford basic living expenses as well. She faced embarrassment at work when the lender called her at work and the receptionist would say who the caller was in front of the office before turning the call over to Joylynn. “Every time the phone rang, I'd jump like I was the next one in a horror movie to be taken out. I'd fear they'd come to my house because I'd known them to go to people's houses before. I felt guilty just putting gas in my tank. I felt guilty buying food. I felt as though any money I got should be going

to the payday lenders and collection agencies to get them off my back." Eventually, she was able to repay her loans after winning a civil lawsuit not affiliated with her payday loans.
Source: http://www.aol.com/article/2010/11/02/payday-loans-how-one-woman-got-caught-in-a-vicious-cycle/19674757/
(1, 2, 3)

82. Donald Garrett got behind on his bills, so he took out a $100 loan from Advance Till Payday and repaid them $200. "And I said, 'I appreciate you loaning me the $100. I'm sorry that I was in this bind but you helped me and I appreciate it and you won't see me anymore.' And I thought that was the end of it." Later on, he was receiving a dialysis treatment when he received another phone call from the company. "And he told me that I had a balance of $260 outstanding because of the $80 a month membership fee. Where did that come from? Nobody mentioned that when they gave me the $100."
Source: http://wvtf.org/post/federal-lawsuit-reveals-dark-underworld-payday-loans-virginia#stream/0
(1)

83. Roger Tillman, 64, took out a $500 payday loan from The Money Center when he was tight on cash and needed to pay his bills. He was earning $9.00 an hour working as a late-night security guard. The Money Center's website states that they charge an APR of 650%, amounting to about $150 in interest and fees on a 2-week loan. He could not pay the loan back before the first two weeks, and renewed it as the costs accrued. He took a loan out from another payday store, falling into a debt trap. He soon lost his job. He tried to contact The Money Store two days later, and got no response. The manager finally reached out to Tillman. He recalls of the manager, "His statement was that 'I hope you don't get stopped by the police, because I'm filing a theft by check charge against you.' I didn't say anything. I was floored, because I was expecting to work out a payment plan." The Money Center filed a criminal complaint against him in November of 2009. The district attorney told Tillman that he must pay Marpast of Texas, the company through which The Money Center operates, $1,020 within 10 days, in addition to lawyers' fees of $140 and $90 in merchant fees. Otherwise, he would face 2 to 20 years in jail and would be fined as much as $10,000. This shocked him, leaving him scared - too scared to even attend his daughter's graduation from Lackland Air Force Base in San Antonio, fearing that there could be a warrant out to arrest him. "I'm innocent here," he said, "other than losing my job and an inability to pay. I tried to get on a payment plan. If my intention was to duck and dodge, why would I even call them?" He continued to avoid his jail by writing letters to the DA, the state Office of the Consumer Credit Commissioner, and Marpast. He mentioned that the Texas Office of Credit Commissioner submitted his debt to the DA for "collection purposes".
Source: https://www.texasobserver.org/cash-fast-how-taking-out-a-payday-loan-could-land-you-in-jail/
(1, 2, 3)

84. Christina McHam took out a $200 loan from Cash Biz, near Houston, but was unable to repay it. She was arrested in November 2012 and charged an additional $305 for court costs and other fines. She "paid off" her debt with one night in jail.
Source: https://www.texasobserver.org/cash-fast-how-taking-out-a-payday-loan-could-land-you-in-jail/
(2, 3)

85. A veteran who had served in the military for 23 years was being charged by the Potter County Attorney for a payday loan he could not repay. His wife wrote to the state Office of Consumer Credit Commissioner, “My husband is a good man! He has never done anything wrong, he fought for this country for 23 years … and now the Potty [sic] County Attorney wants to prosecute him for a payday loan.”
Source: https://www.texasobserver.org/cash-fast-how-taking-out-a-payday-loan-could-land-you-in-jail/
(2, 3)

86. An anonymous borrower repaid $800 on his $400 payday loan after 70 days. However, he was still in dire need of money, and took out another $500 loan the following day. Again, the next day he took out a $1,000 loan, as he was still struggling to afford his basic living expenses. He paid $2,051 back on that loan 70 days later. He took out another $1,000 loan, and a $600 loan from another store. By this time, he had paid $3,000 interest on these loans, in addition to the $2,500 principal amount.
Source: http://www.standard.net/Guest-Commentary/2016/08/07/paydaylenders-Ponzischeme-fraud-loans-column-Winward
(1)

87. “Perry Green, 30, took out a $300 payday loan that soon cost him $1,000 in interest and other fees. By taking out this one loan, he fell into a three-year debt trap. He took out multiple loans after the initial $300 loan. Originally, he needed the loan to afford his rent, thinking a payday loan was the only option.”
Source: https://www.freep.com/story/money/personal-finance/susan-tompor/2016/06/04/payday-loans-target-those-no-cash/85288174/
(1)

88. Leonard Abbot, a 53-year-old security officer at the Department of Public Safety at the Texas State Capitol, had been warned of the dangers of payday loans. But after he owed some unexpected medical bills, he felt his only choice was to take out a $500 loan from a payday store. He says, “One thing that I didn’t realize is, it doesn’t matter how many payday loans you have, you still qualify for more.” He adds, “I’ve always been against those things, the payday loans. I knew about them ahead of time and I knew it’s easy to get caught up in their trap, but again, at the time I just felt like I didn’t have any other alternative options.” By May 2016, he had taken out four different payday loans totaling $2,500 and costing him $450 per month. He eventually converted his loans through the Predatory Loan Conversion Program, led by the Society of St. Vincent de Paul in Austin. “My favorite part about working at the Capitol is seeing the representatives coming in, and also just to see Texas law working at its best,” he said. “I am hoping and will be praying that they will look at legislation to regulate this.”
Source: https://www.texastribune.org/2016/06/18/federal-rules-could-tame-wild-west-texas-payday-le/
(1)

89. Jon Gomez of Hialeah, FL, received a $400 payday loan at a Money Superstore location, due in 14 days and a $41 service charge. "I paid back the $441, but the next day, I took out another $400 payday loan because I needed the money," Gomez told VICE. "I was in this vicious cycle for three months." Eventually, he didn't have enough money to cover one of his payday loan checks, and it bounced.

Source: http://www.vice.com/read/inside-the-battle-over-floridas-racially-charged-payday-loan-racket
(1, 2)

90. Toniette Brown from Alabama needed her first payday loan to afford prescription medicine for her daughter. Working as a part-time librarian, she did not have health insurance coverage to cover her family, or even herself. The payday lender gave her a $275 loan without any credit check. When she couldn't repay her loan by the next payday two weeks later, she took out another. This accrued to 12 loans across 4 different lenders, both in Alabama and online. She frequently had 3 to 5 loans at once. She was eventually in $4,288.96 worth of debt. "I couldn't pay them because I was already living on an income that was paycheck to paycheck," she said. When the interest and fees began to grow several times the amount of the original loan, she sought help from Gateway Financial Freedom and landed a full-time job. She has since almost fully paid back her loans, interest and fees, and says that she will never make the same mistake again
    Source: http://www.al.com/news/index.ssf/2015/03/lifeline_or_financial_anchor_u.html
    (1, 2)

91. Yolanda Roth, of Robbinsdale, Minnesota, took out a payday loan when she lost her job. She had to accept a lower-paying job and needed some extra money to afford her rent. “My check wasn’t quite enough to pay it off and still live, and I ended up racking up a lot of debt because of fees and so on,” Roth said. “I eventually paid it off, but it took a very long time.” Her original loan was for a couple hundred dollars, but ended up costing her a total of $1,500 over the next six months. She describes this experience as "very unpleasant" and "extraordinarily stressful." However, she understands that there is risk associated with taking out these types of loans. “I felt like I understood what was expected and I could definitely do it,” she said. “I was just in a desperate situation, or what I thought was a desperate situation.”
    Source: http://post.mnsun.com/2015/10/12/faith-leaders-protest-payday-loan-practices-in-robbinsdale/
    (1, 2)

92. Reverend Stevie Wakes, a Baptist minister in Kansas City, Kansas, received a payday loan of $500 that he thought he could pay back in two weeks. "We thought it was short-term," he said. He thought he would get a higher-paying job soon enough, but wasn't able to. He kept returning to the store to take out more loans every two weeks, and four months later had accumulated $1,250 in debt. He says that he renewed his loans about ten times, with an APR of about 450%. As soon as he realized how quickly his debt he was racking up, he managed to save the money to pay off his debt. “I’d like to see them cap the rate so that no one has to experience that kind of robbery, which is why I support the campaign [for a 36% interest rate cap] 100 percent," he says of payday lenders. "It's a debt trap."
    Source: http://www.kansascity.com/news/local/article300576/Alternative-arises-as-payday-loan-industry-comes-under-scrutiny.html
    (1)

93. “Michael” of Verona, WI, had taken out payday loans from a dozen stores. He began taking out payday loans after a company mailed him an offer to take out a loan for no charge, directly after he had repaid his car title loan. Soon enough, his debt grew as he continued to take out loans to repay previous ones. He says he felt like a "gerbil on a treadmill". The payday lenders began

aggressively calling his personal references, which he provided when he applied for the loans, causing him even deeper feelings of shame and desperation. "It got to be where I felt like my hair was on fire," he says. He eventually declared bankruptcy, halting the fees on the loans.
Source: http://host.madison.com/ct/news/local/govt_and_politics/wisconsin-is-one-of-few-states-with-no-ceiling-on/article_4e3585bc-cda8-5be9-8bf0-7d6b6a02dfdf.html
(1, 2, 3, CT)

94. Janet is a part-time security officer. She took out a $300 payday loan to afford diabetes medicine, as well as her rent. She found herself in a debt cycle. She recalls, "I called and tried to set up a repayment plan with them. I was not aware that I could do that and when I found out that I could, I did talk with them. And the amount that they said I owe is $425, and they said that I could repay in 2 payments which was over $200. I asked them if they could stretch it out 2 more payments; something that would be a lot smaller. The lady told me that they could only stretch it out 4 for 4 payments, which a little over $100 per payment, which is a payment I still cannot afford to pay at this time." She was still in debt 6 weeks later. "It's very frustrating because it's like I'm more on interest than the actual loan itself... it's like I'm actually paying double."
Source: Texas Fair Lending Alliance, https://www.youtube.com/watch?v=HCOwaudHr3g
(1, 2)

95. Trudy Robideau from California received an $800 loan from a payday loan store. She wasn't able to repay her loan right away, and renewed it for a fee. "Ka-ching," Robideau said. "You're hooked. You can feel the hook right in your mouth. And you don't know it at the time, but it gets deeper and deeper." She soon turned to other payday lenders, racking up fees totaling thousands of dollars. "I was having to get one to pay another," she said. "It's a real nightmare."
Source: http://www.npr.org/2015/03/26/395421117/payday-loans-and-endless-cycles-of-debt-targeted-by-federal-watchdog
(1)

96. Elise Robillard, a teacher and single mother, said she fell into a cycle several years ago of taking short-term, high-interest loans that ultimately played a role in her decision to file for bankruptcy. “I spent the better part of 15 years stuck in a cycle of debt because of the initial payday loan that I took out,” Robillard said.
Source: http://www.koat.com/news/nm-supreme-court-exorbitant-payday-loans-violate-state-law/26688316
(1, 2, 3)

97. In 2008, Joy Young and her newly immigrated husband were making only $30,000, in Woonsocket, RI. She and her husband stretched their income to cover their living expenses and their monthly payments on a home equity loan that paid for house repairs and a used vehicle. She received $450 from Advance America, which had to be paid back in two weeks, plus a fee of $45. Two weeks later, she paid her $495 debt, but was forced to borrow again to meet her monthly expenses. She was now caught in the debt trap, borrowing a third and fourth loan. Every two weeks, Young spent two hours on a Friday afternoon waiting in line to pay off her loans and borrow again. Advance America pocketed $360 in fees each month from her alone. “Every time I got another loan, I thought it would help me in the short term,” Young says. “But there was no way out. I felt like I was in prison. Any time I would talk about my story I would

start to cry. It has been a horrible, horrible last few years." She was weeks away from foreclosure when she received a loan from Capital Good Fund, a microfinance institution that began extending small loans at 30% interest for a twelve-month term. She was able to pay off three of her payday loans with their help and is slowly paying off the fourth.
Source: https://www.rimonthly.com/reporter-breaking-the-payday-loan-cycle/
(1, 2, 3)

98. Christina Sarno in Warren, OH borrowed just $200 from a payday lender, but she quickly realized she could not pay back the principal or the interest. "After receiving constant calls and having the store manager show up at my house to try to collect the money I owed, I gave up. At this point I had developed a lot of interest on the loan and owed more than I could possibly pay back on my income," she said during a meeting at the Warren YWCA. She lost her car, but the Beatitude House of Warren helped her with housing and education to avoid falling into the payday lending trap again.
Source: Reprinted verbatim from http://www.vindy.com/news/2016/jun/28/women-tell-of-troubles-with-payday-lendi/
(2, 3)

99. Tiffany Richardson, a resident of Houston, Texas, received a $5,000 car title loan, using the title to the 2005 Nissan Altima she bought for her mother as collateral. She fell behind on repaying the loan. She took out another car title loan for $2,400 using her 1999 Toyota 4Runner as collateral this time. The amount she owed skyrocketed to several times the original principal amount. "You're like a hamster on a wheel," Ms. Richardson, 43, said of repaying her ballooning debt, adding that she was "looking out the window every night" to make sure her cars had not been repossessed. One night, however, Ms. Richardson woke to see both cars being towed away.
Source: http://www.nytimes.com/2014/08/24/us/thousands-in-texas-lose-cars-amid-calls-for-loan-restrictions.html?_r=0
(1, 2, 3, CT)

100. Maranda Brooks, a records coordinator at a Cleveland college in OH, took out a $500 loan to help pay an electricity bill. Two weeks later, the full amount of the loan plus a $50 fee were deducted from her usual $800 paycheck. To cover expenses for herself and her four children, she took out another loan, falling into a debt trap that lasted almost a year. "It was a nightmare of going around and around," said Brooks.
Source: http://www.chicagotribune.com/chi-payday-loans-rules-20150202-story.html
(1, 2)

101. After his daughter returned from serving in Iraq and asked for financial help to relocate her family, Preston White, 63, took out a title loan on his pickup truck from a store in Killeen, Texas. The 30-day, $4,000 loan carried a 375% APR. White had already spent his life savings on paying for treatment for his wife's pancreatic cancer and soon realized that his fixed income left him only enough money to cover the fees, not the principal. He recognized the cycle of debt: "In four months, I could have paid more than what I went to the store for in the first place, and still owe the original loan amount," he said. "Never in my wildest imagination did I think that such a loan product could even exist. You assume the system will have usury laws and protect you from such things…Everybody's got to make a profit but there should be no place for usury in the 21st

century." He was ultimately able to retire the debt by taking out a loan at 16% APR through a credit union.
Source: Gogoi, P. (2010). "Costly cash: How a retiree wound up with a 375% loan." *Daily Finance.* Available at https://www.aol.com/2010/03/09/costly-cash-how-a-retiree-wound-up-with-a-375-loan/.
(1, 2, CT)

102. Alicia and Clinton Lummus of Conyers, Georgia, took out a $525 car title loan after injuries forced them both to stop working. Over eight months, they made payments totaling $1,056—more than twice the amount borrowed—but ultimately fell behind on payments. The lender then repossessed the vehicle, worth $14,000—and was able to keep any excess money from the sale of the vehicle, since Georgia law allows the lender to do so.
Source: Kirchhoff, S. (2006). "Some consumers run into big problems with auto title lending." *USA Today*. Available at http://usat.ly/124EbDR.
(2, CT)

103. Sean received a $1,500 car title loan, which he renewed over 40 times—paying over $11,500 in interest—before receiving help from family to pay off the principal. He said, "I was too embarrassed to ask my parents for the initial loan money, [but] ended up borrowing money from them to make some of the payments and ultimately had to ask them to pay off the whole loan, after losing tons of money along the way."
Source: Martin, N. & Adams, O. (2012). "Grand theft auto: Repossession and demographic realities in title lending." *Missouri Law Review*. Available at https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2391411.
(1, 2, CT)

104. Caroline O'Connor, a 30-year-old hospital lab technician, was in need of $1,000 to cover her rent and electricity bills. When she saw a television commercial advertising how to get cash from your car in the form of a short-term loan, she believed she had found relief. The loan carried a 171% APR. After two years stuck in the debt cycle, the lender seized her car. "These companies put people in a hole that they can't get out of," Ms. O'Connor said.
Source: http://dealbook.nytimes.com/2014/12/25/dipping-into-auto-equity-devastates-many-borrowers/
(1, 2, CT)

105. Derek Drewery was caught in the debt trap beginning in 1996, when he was stationed at Wright-Patterson Air Force Base in Ohio. He received a payday loan of a few hundred dollars at a payday lender near the base. When he returned to the store to repay the loan, he realized that with interest and fees, he owed a lot more than he had borrowed. "I had to borrow again to pay that back, and had to borrow again to pay that back," Drewery says of getting trapped in the debt cycle. "I got into the real churning situation to borrow this week to pay for last week." To help pay off the loan, Drewery cut back on food, even sharing his last box of Cheerios with his Jack Russell terrier until his father found out and sent him grocery store gift cards. He now works as an electrician and is the pastor of a church which has joined a coalition of Christians to oppose predatory lending.
Source: http://www.nytimes.com/2016/06/11/us/full-faith-and-credit-christian-groups-unite-against-predatory-lending.html
(1, 2, 3)

106. Mr. Sanchez, a veteran who served in Iraq as an infantryman in 2004, returned home to his wife and two daughters but suffers from Post-Traumatic Stress Disorder. When he needed a bit more cash to make ends meet, he took out a car title loan to pay for his family's monthly bills. He had already taken out a $2,500 car title loan earlier in the year, paying $350 per month on the loan. After 10 months of paying a total of $3,500 in fees, he could no longer afford the loan and sold his family's second vehicle in order to continue paying on the original title loan. Unfortunately, a few months later the Sanchez family was in a similar situation, unable to make the regular monthly payment of $350 in interest-only payments while still owing the original $2,500 principal. He couldn't lose his second car to the predatory lenders as it was the only way his wife could get to her job. Desperate for a solution, Mr. Sanchez turned to Helping Hands Ministry, a Texas social service organization that provides opportunities for financial empowerment to veterans and working class families. The organization was able to help the Sanchez family pay off their debt.
Source: https://medium.com/@stoppaydaypreds/payday-lenders-target-veterans-fcfe91b92c86#.wl764nkqu
(1, 2, CT)

107. Elaine is 74 years old and lives independently in a small, one-bedroom apartment. She receives social security and a small monthly pension totaling $1,278. She was struggling with her bills. Elaine came to one of the Catholic Charities of Northeastern Kansas' Emergency Assistance Center (EAC) for help with an electric bill. During her meeting she shared that she had payday loans totaling $1,725. She had these payday loans for years and, unfortunately, her low income just would not cover the loans to be paid off while still trying to take care of her daily living expenses and housing. Because of the high rate, Elaine was paying $275 per month just in interest on all of her payday loans. Elaine shared that she had not told her grown children because she was ashamed to let them know she had gotten into this situation in the first place. Catholic Charities was able to assist Elaine through its Kansas Loan Pool Project (KLPP). By converting her high-interest payday loan into a new, low-interest fixed loan, Elaine now has a manageable payment with an actual payoff date. Elaine participates in monthly financial coaching through the KLPP program. Her bills are now up to date and she has set some realistic financial goals. Elaine has newfound hope through the help of Catholic Charities and the KLPP program. "It's a relief to know that I now have enough money to pay my bills AND go to the grocery store." Elaine shared.
Source: Catholic Charities of Northeastern Kansas
(1)

108. Tiemeyer White, a 33-year-old Navy veteran from Texas, full-time electrical engineering college student, and father, took out a car title loan more than a year ago. When the federal government shut down due to a budget impasse in October 2013, White didn't get his Post-9/11 benefits or work-study pay for his Department of Veterans Affairs job for almost two months. As a result, he fell behind on his bills, and the car title lender began calling him several times a day both at work and at home, demanding loan payments. "I tell them, I understand you're doing your job, but I also understand that your job – you make your living off of making my life worse," White says. "That's how I felt that moment." Two weeks later, his 2003 Dodge pickup truck was repossessed from his school's parking lot.
Source: https://www.nerdwallet.com/blog/banking/banking-news/car-title-payday-loans-trap-unwary-veterans/

(2, CT)

109. Homeless veteran Mel Hair hitchhiked to Sioux Falls, South Dakota, from Minnesota a few years ago. He stayed at a shelter to get back on his feet. When Hair and his girlfriend were able to get their own apartment, he received a car title loan for $200. One title loan turned into three loans amounting to more than $2,000. He has been making monthly payments of $430 per month for the past two years.
Source: Ben Dunsmore, *The High Price for Small Loans*, Keloland (Feb. 18, 2015). Available at https://stopthedebttrap.wordpress.com/.
(1, 2, CT)

110. Kim Brust of South Dakota started taking out payday loans three years ago. At the time, her social security and disability checks were not enough to cover her monthly expenses for the children and other family members who had moved in with her. She fell into a cycle of debt, taking out a total of eight loans from four different lenders in Sioux Falls. The interest rates range from 247 percent to as much as 608 percent over the course of a year. "I fell into that same trap and I know better. I'm not stupid, but I was stressing about money. I was wondering sometimes where the next meal was coming from," Brust said. "It just sneaks up on you and one day I just laid out all the papers and I go, 'Oh, my Lord what have I done.'"
Source: Ben Dunsmore, *The High Price for Small Loans*, Keloland (Feb. 18, 2015). Available at https://stopthedebttrap.wordpress.com/.
(1)

111. Eddie Dorman of Duval County, Florida, has been caught in a vicious debt trap for years. He uses one payday loan to pay for another, and is currently fighting with a car title loan company in Gainesville that is trying to repossess his truck. "I would never do it again, if I ever get out from under this one." Dorman said. "Everyone has problems. I got behind on a payment, the next thing you know there is a wrecker in the front yard at 3 in the morning." With his truck title loan, the company made him take out a $700 insurance policy to cover the company. "It covers them and yet it does not cover you," Dorman explained.
Source: http://www.news4jax.com/news/borrower-beware-title-payday-lenders-are-back
(1, 2, CT)

112. Lara was a young mother who stayed home to raise three children while her military husband worked full time. She worked jobs when she could, but the family still found themselves strapped for cash. They reluctantly took out a payday loan of $200 to manage the bills until their next paycheck. When payday arrived, the lender wanted $300. They paid the $300 but came up short on their next payment, so they took out another loan and quickly found themselves caught in the debt trap. "I kid you not, we did that dance for close to six months," Lara said. "It was horrible. Just unbelievably horrible." Ultimately, Lara had to beg her parents to help get them out of the cycle, but she knows not everyone has a safety net to fall back on.
Source: http://www.tcdailyplanet.net/new-guidelines-nonprofits-help-curtail-predatory-payday-loans-in-minnesota/
(1, 2)

113. Diana LaCroix, a 63-year-old widow living off of her husband's Social Security survivor's benefits, received a $300 payday loan. It took her three or four months to pay off the small $300 loan. Then, she found herself caught in the debt trap, borrowing $50, $75, or $100 at a time. She

is still borrowing money to make up for the loan payments that are eating into her fixed monthly budget, explaining, “I’ll probably have to borrow a little more next month to get caught up on bills.”
Source: http://www.omaha.com/money/days-of-the-payday-loan-could-be-numbered-with-new/article_0565b988-8356-5fb5-acf9-d3a076e250a0.html
(2)

114. John Miller, an attorney in Missouri, tells the story of his friend who had been struggling financially and turned to a payday loan store as a last resort before taking his own life.
Source: https://www.youtube.com/watch?v=t2-UlIrs95A
(3)

115. Richard Kitterman, a retired Master Sergeant and former Chief of Consumer Affairs Office, tells the story of a solider: "I remember one particular story, I'll never forget it. She was a young soldier, and she was a good solider. She was a single mother, she was doing her best to meet her obligations to the Army, and to raise her child. But she was facing in some cases, some nearly insurmountable obstacles: she had to have daycare, she had to have babysitting for her kids when she worked late. And she found herself getting her first payday loan and then another, and then another... and it got down to where on payday, her entire check disappeared. It was gone to pay back payday loans. And so her payday was spent standing in line at several different payday loan offices to get new loans or to renew existing loans. And each time paying healthy loan fees to get that money. And she eventually…and she was a responsible solider. Most of the soldiers that get involved in this are really good, decent soldiers, good people who want to pay their bills, understand their obligations, but they just have more month left at the end of a paycheck. So they just see this as a quick fix; something they only have to do once, and that was the case with this young lady. She just got in over her head. And I remember after she got straightened out and things were going good and she continued to work to pay off those loans, even though she could have walked away and there wasn't really much the payday lender could have done, but that's not the kind of person she was. And I remember her telling me, ‘Sergeant Kitterman, I felt like I was in a black hole. Every morning I woke up, every night I went to sleep, I was sick to my stomach over what am I going to do? How am I going to work this out?’"
Source: https://vimeo.com/143323466
(1, 3)

116. Paula, who lives in Texas with her husband and 3 children, took out some payday loans through lenders on the Internet after her husband lost his job. After he started working again, they were never able to get out of the debt trap due to excessive rollover fees. At one point, $800 a month of the family’s money was going towards payday loans.
Source: Fact Sheet: *The Victims of Payday Lending*,
http://www.responsiblelending.org/issues/victims-payday
(2)

117. Tennessee resident Natalie has paid over $4,000 in fees for $800 worth of loans. Each time that she thinks she is has paid down the principal, the lender informs her of more fees that have been piled onto her already steep debt. Additional fees are added every time that she pays late. Source: Fact Sheet: *The Victims of Payday Lending*, http://www.responsiblelending.org/issues/victims-payday
(1, 2)

118. Maria took out one payday loan three years ago. Now, she is struggling to handle five payday loans and is over $3,000 in debt. Most of her budget goes to paying fees to rollover her loans, leaving little money for her to live on the rest of the month. She cannot afford to pay them off. Source: Fact Sheet: *The Victims of Payday Lending*, http://www.responsiblelending.org/issues/victims-payday
(1, 2)

119. According to a 2013 *New York Times* investigation, "Johanna Pimentel said she and both of her brothers had taken out multiple title loans. They are everywhere, like liquor stores," she said. Ms. Pimentel, 32, had moved her family out of Ferguson, Mo., to a higher-priced suburb of St. Louis that promised better schools. But after a divorce, her former husband moved out, and she had trouble paying her rent. Ms. Pimentel took out a $3,461 title loan using her 2002 Suburban as collateral. After falling behind, she woke up one morning last March to find that the car had been repossessed. Without it, she could not continue to run her day care business."
Source: http://dealbook.nytimes.com/2014/12/25/dipping-into-auto-equity-devastates-many-borrowers/
(2, CT)

120. Jamela Lott, a single mother of five, was falling behind on her rent and borrowed $900 from Loan Max in Akron, Ohio. She used her 2001 Oldsmobile as collateral for the loan. After paying $938 on the original $900 loan, she was unable to keep up. Lott was told she still owed more than $1,600 or had to face repossession of her car. Shortly thereafter, she and her children became homeless and entered the program of Family Promise of Summit County, which provides temporary shelter to homeless families and offers assistance. Harry McKeen, a local attorney, accepted Lott's case via Legal Aid, and settled with LoanMax to write off Lott's debt. Meanwhile, readers donated more than $1,160 to help Lott get into a rental house in West Akron.
Source: https://www.ohio.com/article/20140302/NEWS/303029574
(2, 3, CT)

121. Norma Poalson, 68, of Akron, Ohio, took out a $600 car title loan from LoanMax for a now-deceased friend who needed money for a chair lift. When she fell behind on her payments, the company rolled over her loan for the same amount. Poalson says she has paid about $2,200 on the loan and still owes another $1,690 or faces repossession.
Source: https://www.ohio.com/article/20140302/NEWS/303029574
(1, CT)

122. Rasheeda Jackson of Akron, Ohio, took out a $600 car title loan. She fell behind on the payments, and her car was repossessed a few months later. To get her car back, Jackson had to

pay \$890, including \$600 to a repossession company. The company charged her storage fees and tried to ask for money to get things out of her car if she didn't pay the full fees.
Source: https://www.ohio.com/article/20140302/NEWS/303029574
(2, CT)

123. Roger Irby of North Akron, Ohio, faced financial difficulty when he broke a bone in his neck which hindered his ability to work full time. He turned to Loan Max for a \$500 car title loan, using his 13-year-old truck as collateral. Loan Max required him to pay the loan back in 30 days, along with \$200 in interest. A month later, the only way he could pay the loan off in time and have enough money to pay his family's bills was to take out another loan—this time, for \$1,000. The loan is due in 30 days, plus \$295 in interest. Irby has paid almost \$500 to borrow \$1,500 for two months. "They are modern day loan sharks," Irby said. "Me and my wife are trying to pay this bill off and we don't ever want to mess with them again. Ever."
Source: https://www.ohio.com/akron/news/need-emergency-cash-cuyahoga-falls-group-considering-an-alternative-to-payday-lenders
(1, CT)

124. In July 2010, Army Staff Sergeant Jason Cox of Columbus, Georgia, faced a family emergency. He obtained a \$3,000 loan with his car title as collateral from Alabama Title Loans in Phenix City, Alabama. The loan carried an APR of 146% and was required to be paid off in 30 days, or Cox would have to pay the interest portion and renew the loan to set the due date back another 30 days. Unable to pay what eventually grew to approximately \$4,500, Cox paid between \$330 and \$417 each month. After nearly a year of monthly payments, Cox could no longer afford to pay the monthly fee, none of which went to pay down the principal of the loan. He stopped making payments and his vehicle was repossessed at his home on the Fort Benning military base. That's when Cox felt something was amiss, and visited Columbus attorney Kyle Fischer of the law firm Day Crowley. As a former JAG lieutenant in the Army, Fischer knew many of the laws pertaining to military active duty personnel and soon realized that it appeared Cox's loan was in violation of the 2007 Military Lending Act, implemented by Congress to protect active duty personnel from predatory lending. Barnes and Bevis agreed with Fischer, and in November, they filed a class-action lawsuit against Community Loans of America and Alabama Title Loans. "I definitely feel like I was taken advantage of," said Cox, who has served three tours in Iraq during his 11 years of service and earned the Purple Heart for a foot injury he received during enemy gunfire. "I had no clue this law was in place, and nothing was explained to me."
Source: https://barneslawgroup.com/veteran-challenges-title-loan-company-in-court/
(2, CT)