



**FOR IMMEDIATE RELEASE: April 8, 2015**

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## **NATIONWIDE COALITION OF COMMUNITY FOUNDATIONS URGES ACTION TO FIGHT PAYDAY LENDING ABUSES**

**Fifty-seven nonprofit community foundations advocate with federal Consumer  
Financial Protection Bureau**

MOUNTAIN VIEW — Marking the first time a group of community foundations has joined together to advocate for a national public policy issue, 57 of the nonprofit organizations have signed a letter urging the head of the Consumer Financial Protection Bureau to adopt rules to curb payday lending practices that routinely draw consumers into long-lasting debt.

“We are very aware of the harmful effects caused by payday loans that come with triple-digit interest rates and a two-week repayment period that can trap consumers in a vicious cycle of debt,” the community foundation signatories wrote in a letter sent to Richard Cordray, director of the federal Consumer Financial Protection Bureau. “The CFPB has before it a unique opportunity, and indeed obligation, to bring tough regulations and enforcement to the marketplace.”

“Low-income neighborhoods across the United States are being assailed by predatory payday lenders, whose loans can carry annual interest rates of 400 percent,” said Emmett Carson, CEO and president of Silicon Valley Community Foundation, who spearheaded the coalition of community foundations. “When more than 50 community foundations representing different communities across the U.S. speak as one about these harmful practices, it is a powerful message that federal regulators should take action.”

Payday loans, also known as a “cash advances” or “check loans,” are small-dollar loans, typically for less than \$500, whose full repayment is due on the borrower’s next payday, usually in two weeks. Average annual percentage rates (APRs) on these loans often exceed 400 percent on a 14-day loan. The people targeted by payday loan establishments are those who can least afford to see their earnings depleted by predatory practices, including excessive interest rates, high bounced check and overdraft fees and other negative features.

SVCF has been working to curtail harmful payday lending as part of its grantmaking focus on economic security for families and individuals in Santa Clara and San Mateo counties since 2008. By educating communities and elected officials about the ills of predatory payday loans, SVCF grantees have secured passage of 12 local ordinances to limit the wide availability and overconcentration of payday lending in poor communities.

In late March, the [Consumer Financial Protection Bureau announced it is considering proposing rules](#) that would require lenders to verify a borrower’s ability to repay a loan on time without



re-borrowing to do so. The bureau may also propose restrictions on lenders' ability to collect from consumers' bank accounts, a practice that frequently results in excessive bank fees for the borrower.

The 57 community foundations that joined together to advocate for the regulations span the nation, from Hawaii to West Virginia and from Minnesota to Texas. [Community foundations](#) help build and strengthen communities and bring together people and organizations that want to make a difference in the world. They are tax-exempt public charities that are dedicated to improving the quality of life in their areas they serve

For more information about SVCF's work to curb payday lending abuses, visit [www.siliconvalleycf.org/economic-security](http://www.siliconvalleycf.org/economic-security). To read the letter sent to Director Cordray of the CFPB, click [here](#).

**About Silicon Valley Community Foundation**

*Silicon Valley Community Foundation makes all forms of philanthropy more powerful. We serve as a catalyst and leader for innovative solutions to our region's most challenging problems, and through our donors we award more money to charities than any other community foundation in the United States. SVCF has \$6.5 billion in assets under management. As Silicon Valley's center of philanthropy, we provide thousands of individuals, families and corporations with simple and effective ways to give locally and around the world. Find out more at [www.siliconvalleycf.org](http://www.siliconvalleycf.org).*