

Mr. Richard Cordray, Director
Consumer Financial Protection Bureau
1700 G Street NW
Washington, DC 20552

April 3, 2015

Re: Payday Lending Regulations

Dear Director Cordray:

We are grateful for your leadership of the Consumer Financial Protection Bureau (CFPB) and the positive steps taken as the nation's first federal agency to protect consumers in the financial marketplace. We, the undersigned community foundations, representing diverse communities across the United States, urge the CFPB to enact comprehensive and stringent federal rules to govern payday lenders.

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 CFPB's own research confirms this and indicates the typical borrower is indebted for more than 200 days a year and that 75 percent of the fees paid to payday lenders are from borrowers who take out 11 or more loans each year.

On March 26, the CFPB released a draft proposal to rein in abusive short-term, small-dollar loans including payday, auto title and installment loans. The draft would require lenders to verify a borrower's ability to repay the loan on time, without re-borrowing, while covering basic necessities like rent, food and utilities, prior to making the loan.

This provision would serve as a major safeguard for an industry that historically has exercised little, if any underwriting criteria when making a loan. If mandated in the final rule, this ability to repay standard would help millions of borrowers across the United States avoid high-cost payday loans and other types of abusive loans.

The CFPB has before it a unique opportunity, and indeed obligation, to bring tough regulations and enforcement to the marketplace. As the CFPB moves forward with its rulemaking process, we urge it to consider final rules that would limit the size and duration of loans as well as the number of times lenders could roll over a borrower's loan during a 12-month period. Finally, we believe the rules should restrict lenders from requiring a post-dated check or electronic access to a borrower's checking account as a condition of extending credit.

The recent action of the Department of Defense to update the Military Lending Act serves as a powerful reminder that rules need to be comprehensive to block evasions.

We greatly appreciate your attention to this critical issue. We look forward to working with you and the CFPB to protect hard-working individuals and families from payday lending abuses.

If you have any questions or would like additional information, please do not hesitate to contact Emmett Carson, CEO of Silicon Valley Community Foundation at: edcarson@siliconvalleycf.org or 650.450.5410.

Sincerely,

Community Foundation Signatories

Silicon Valley Community Foundation – Mountain View, CA

Cleveland Foundation – Cleveland, OH

Hawai'i Community Foundation – Honolulu, HI

The Dayton Foundation – Dayton, OH

The San Francisco Foundation – San Francisco, CA

Marin Community Foundation – Novato, CA

The Minneapolis Foundation – Minneapolis, MN

Crawford Heritage Community Foundation – Meadville, PA

Springfield Foundation – Springfield, OH

Fremont Area Community Foundation – Fremont, MI

Community Foundation of Greater Birmingham – Birmingham, AL

Adirondack Foundation – Lake Placid, NY

Greater Tacoma Community Foundation – Tacoma, WA

Illinois Prairie Community Foundation – Bloomington, IL

Lincoln Community Foundation – Lincoln, NE

Rancho Santa Fe Foundation – Encinitas, CA

Community Foundation Santa Cruz County – Aptos, CA

The Community Foundation Serving Richmond and Central Virginia – Richmond, VA

Community Foundation for the Alleghenies – Johnstown, PA

Laguna Beach Community Foundation – Laguna Beach, CA

Montana Community Foundation – Helena, MT

Barry Community Foundation – Hastings, MI

San Antonio Area Foundation – San Antonio, TX

Coastal Bend Community Foundation – Corpus Christi, TX

Community Foundation for Southern Arizona – Tucson, AZ

Fond du Lac Area Foundation – Fond du Lac, WI

Grand Rapids Community Foundation – Grand Rapids, MI

Toledo Community Foundation – Toledo, OH

Community Foundation of the Great River Bend – Bettendorf, IA

Eau Claire Community Foundation – Eau Claire, WI

Greater Milwaukee Foundation – Milwaukee, WI

Oshkosh Area Community Foundation – Oshkosh, WI

Community Foundation of Northeast Alabama – Anniston, AL

Phelps County Community Foundation – Holdrege, NE

Community Foundation of Greater Buffalo – Buffalo, NY

Connecticut Community Foundation – Waterbury, CT

Community Foundation for the Ohio Valley – Wheeling, WV

Whatcom Community Foundation – Bellingham, WA

El Paso Community Foundation – El Paso, TX

Evanston Community Foundation – Evanston, IL

Racine Community Foundation – Racine, WI

Aspen Community Foundation – Aspen, CO

The Pittsburgh Foundation – Pittsburgh, PA

The Seattle Foundation – Seattle, WA

The Columbus Foundation – Columbus, OH

Minnesota Community Foundation – St. Paul, MN

The Saint Paul Foundation – Saint Paul, MN

Foundation for Appalachian Kentucky – Chavies, KY

Parkersburg Area Community Foundation - Parkersburg, WV

Community Foundation Serving the Heart of Western Pennsylvania – Kittanning, PA

Williamsburg Community Foundation – Williamsburg, VA

Community Foundation for the Twin Tiers - Sayre, PA

Bucks County Foundation – Doylestown, PA

Community Foundation of Henderson County – Hendersonville, NC

Fairfield County's Community Foundation – Norwalk, CT

Added after April 3, 2015

The Alaska Community Foundation – Anchorage, AK

California Community Foundation – Los Angeles, CA