

## 100 + Diverse National and State Groups Support Speier's H.R. 1608 Bill

March 23, 2009

The Honorable Jackie Speier  
211 Cannon House Office Building  
Washington, DC 20515

Dear Representative Speier:

We applaud you for introducing H.R. 1608 that would stop a wide range of lending abuses by capping interest rates for consumer credit at 36 percent annually. Cleaning up the finance industry is essential to a sustainable economic recovery.

The **“Protecting Consumers from Unreasonable Credit Rates Act”** would implement a key promise made by President Obama to extend to all Americans Congressional protection against predatory lending for Service members and their families. By limiting the total cost of consumer credit to 36 percent, Congress will keep billions of dollars in the hands of low and moderate-income consumers, helping to stimulate the economy without costing taxpayers a penny.

This measure is designed to keep affordable financial products available, as lenders who offer sustainable loans do so at rates well below 36 percent annually. But it would eliminate abuses that rely on high fees, interest and other devices to charge extremely high annual rates—some 400 percent and higher—to trap consumers in debt they cannot afford to pay off.

Protections that once curbed abusive lending in America have been shredded, and consumers are paying astronomical rates for credit, especially those who have the fewest resources. Payday loans cost 400 percent APR or higher; car title loans cost 300 percent APR and put car ownership at risk; loans secured by expected tax refunds cost 50 to 500 percent APR; and credit card fees and interest can combine to produce triple-digit rates. Bank overdraft loans can cost quadruple digit interest rates. These extremely expensive credit products drain billions from families who struggle to make ends meet, diminishing their ability to purchase products and services that would boost the economy.

The ability of states to enact meaningful reforms on credit card and bank overdraft practices has been severely restricted as a result of federal preemption. Banks are now permitted to locate in a state without consumer protections and then engage in unregulated lending in the other forty-nine states, which are powerless to protect their citizens against high cost credit cards and tax refund anticipation loans. State usury caps have been riddled with loopholes and exceptions, leaving consumers in thirty-five states exposed to outrageously expensive payday loans.

The FAIR (Fees and Interest Rate) cap on consumer credit is set high enough not to hamper mainstream responsible lending. A 36 percent rate cap is twice the limit for federally-chartered credit unions and enables credit to be responsibly extended to consumers with less than perfect credit ratings. This is the rate cap enacted by Congress through the Military Lending Act and is the limit typically used in state small loan laws. The FAIR cap will be the maximum amount lenders can charge, but states will be able to set lower rate caps to protect their citizens, such as New York's 25 percent criminal cap and Arkansas's constitutional cap.

We urge quick action to implement the FAIR cap to stop usurious credit rates, to protect struggling consumers, and to put all lenders under the same set of protections.

Sincerely,

Jean Ann Fox, Consumer Federation of America  
Pam Banks, Consumers Union  
Lauren Saunders, National Consumer Law Center (on behalf of its low income clients)  
Edmund Mierzwinski, U. S. Public Interest Research Group  
Michael Calhoun, Center for Responsible Lending  
David Berenbaum, National Community Reinvestment Coalition  
Hilary O. Shelton, NAACP  
Linda Sherry, Consumer Action  
Sally Greenberg, National Consumers League  
Don Mathis, Community Action Partnership  
Jim Campen, Americans For Fairness in Lending  
Maude Hurd, Association of Community Organizations for Reform Now (ACORN)  
George Goehl, National Training and Information Center  
Ira Rheingold, National Association of Consumer Advocates (NACA)  
Jerily DeCoteau, First Nations Development Institute  
Joanna Donohoe, Oweesta Corporation  
Lisa Rice, National Fair Housing Alliance  
Rosemary Shahan, Consumers for Auto Reliability and Safety  
Steve Hitov, National Health Law Program (NHeLP)  
Jacqueline Johnson Pata, National Congress of American Indians  
Joe Rich, Lawyers' Committee for Civil Rights Under Law  
Graham Steele, Public Citizen  
Melissa Boteach, The Jewish Council for Public Affairs  
Rabbi Shawn Zevit, Jewish Reconstructionist Federation  
Dory Rand, Woodstock Institute

### **State Organizations**

Shay Farley, Alabama Appleseed  
Barbara Williams, Alaska Injured Workers Alliance Research and Development Corp.  
Diane E. Brown, Arizona Public Interest Research Group  
Leslie Kyman Cooper, Arizona Consumers Council

Al Sterman, Democratic Processes Center, Arizona  
Karin Uhlich, Southwest Center for Economic Integrity, Arizona  
H. C. "Hank" Klein, Arkansans Against Abusive Payday Lending  
Jim Bliesner, San Diego City/County Reinvestment Task Force, California  
Alison Brunner and Hilary Armstrong, Law Foundation of Silicon Valley, California  
Betsy Handler, Inner City Law Center, Los Angeles, California  
Richard Holober, Consumer Federation of California  
Kimberly Jones and Liana Molina, California Reinvestment Coalition  
Kyra Kazantzis, Public Interest Law Firm, Fair Housing Law Project, San Jose, CA  
M. Stacey Hawver, Legal Aid Society of San Mateo County, California  
James P. Horan, Connecticut Association for Human Services  
Raphael L. Podolsky, Legal Assistance Resource Center of Connecticut, Inc.  
Lynn Drysdale, Jacksonville Area Legal Aid, Inc., Florida  
Bill Newton, Florida Consumer Action Network  
Sally G. Schmidt, Florida Equal Justice Center  
Victor Geminani, Lawyers for Equal Justice, Hawaii  
Don Carlson, Central Illinois Organizing Project, Illinois  
Lynda DeLaforge and William McNary, Citizen Action/Illinois  
Rose Mary Meyer, Project IRENE, Illinois  
Dan McCurry, Chicago Consumer Coalition, Illinois  
Madeline Talbott, Action Now, Illinois  
Brian C. White, Lakeside Community Development Corporation, Illinois  
Judith Fox, Notre Dame Legal Aid Clinic, Indiana  
Victor Elias, Child and Family Policy Center and Iowa Coalition Against Abusive Lending, Iowa  
Larry M. McGuire, Minister, Community of Christ and Inter-Religious Council of Linn County, Iowa  
Lana L. Ross, Iowa Community Action Association  
Jason Selmon, Sunflower Community Action, Kansas  
Terry Brooks, Kentucky Youth Advocates  
Dana Jackson, Making Connections Network, Louisville, Kentucky  
Melissa Fry Konty, Mountain Association for Community Economic Development, Kentucky  
Anne Marie Regan and Rich Seckel, Kentucky Equal Justice Center  
Amy Shir, Kentucky Asset Building Coalition  
Debra Gardner, Public Justice Center, Maryland  
Charles Shafer, Maryland Consumer Rights Coalition  
Debra Fastino, The Coalition for Social Justice, Massachusetts  
Jim Breslauer, Neighborhood Legal Services, Lawrence, Massachusetts  
Caroline Murray, Alliance to Develop Power/ADP Worker Center, Massachusetts  
Kari Deming, Lakeshore Legal Aid, Michigan  
Paheadra B. Robinson, Mississippi Center for Justice  
Robin Acree, GRO-Grassroots Organizing, Missouri  
Mike Cherry, Consumer Credit Counseling Service, Missouri  
Mike Ferry, Gateway Legal Services, Inc., Missouri, Arkansas, and Illinois  
Linda Gryczan, Montana Business and Professional Women, Montana Women's Lobby

Linda E. Reed, Montana Community Foundation  
Michele Johnson, Consumer Credit Counseling Service, Nevada and Utah  
Dan Wulz, Legal Aid Center of Southern Nevada  
Paula J. O'Brien, New York State Consumer Protection Board  
Kirsten Keefe, Empire Justice Center, New York  
Josh Zinner and Sarah Ludwig, Neighborhood Economic Development Advocacy Project, New York  
Al Ripley, North Carolina Justice Center  
Tom Allio, Ohio Coalition for Responsible Lending  
Jeffrey D. Dillman, Housing Research and Advocacy Center, Ohio  
Bill Faith, Coalition on Homelessness and Housing in Ohio  
Jim McCarthy, Miami Valley Fair Housing Center, Inc., Ohio  
David Rothstein, PolicyMatters, Ohio  
Jeff Shuman, Deep Fork Community Action, Oklahoma  
Linda Burgin, SEIU Local 503, Oregon  
Linda Burgin, SEIU Oregon State Council  
Jerry Cohen, AARP Oregon  
Alice Dale, SEIU Local 49, Oregon  
Angela Martin, Our Oregon  
Kerry Smith, Community Legal Services, Pennsylvania  
Sue Berkowitz, South Carolina Appleseed Legal Justice Center  
Rena Eller, Senior Citizens of Hendersonville, Inc  
Dana M. Given, United Way of Sumner County, Tennessee  
Corky Neale, RISE Foundation and Memphis Responsible Lending Collaborative, TN  
Sherry Tolli, Home Safe of Sumner, Wilson and Robertson Counties, Inc., Tennessee  
Carlos Gallinar, La Fe Community Development Corporation, El Paso, Texas  
Regina Harvey, Dominion Financial Management, Smyrna, Texas  
Linda Hilton, Coalition of Religious Communities, Utah  
Janice "Jay" Johnson, Virginia Organizing Project  
Irene E. Leech, Virginia Citizens Consumer Council  
LaTonya Reed and C. Douglas Smith, Virginia Interfaith Center  
Ward Scull and Mike Lane, Virginians Against Payday Lending  
James W. Speer, Virginia Poverty Law Center  
Dana Wiggins, Virginia Partnership to Encourage Responsible Lending  
Maya Baxter, Statewide Poverty Action Network, Washington  
Alice Woldt, Washington Association of Churches  
John R. Jones, Washington ACORN  
Bruce Neas, Columbia Legal Services, Washington, on behalf of clients  
Will Pittz, Washington Community Action Network  
Sarah Hawks and Gina Sanchez, La Casa de Esperanza, Inc. Wisconsin

CC: Representative Delahunt

House Financial Institutions and Consumer Credit Subcommittee