

July 10, 2014

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

Re: Protecting Consumers from Unreasonable Credit Rates Act of 2014

Dear Rep. Cartwright:

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

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

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

Sincerely,

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

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Maryland Cash Campaign  
Maryland Consumer Rights Coalition  
Monsignor John Egan Campaign for Payday Loan Reform  
NAACP  
National Association of Consumer Advocates  
National Consumer Law Center (on behalf of its lower-income clients)  
National People's Action  
New Economy Project  
North Carolina Consumers Council  
Public Citizen  
Reinvestment Partners  
South Carolina Appleseed Legal Justice Center  
Southwest Center for Economic Integrity  
Virginia Citizens Consumer Council  
Woodstock Institute