

## Safeguard Consumers from Risky Online Payday Lending

July 24, 2012

The Honorable Jeff Merkley  
United States Senate  
Washington, DC 20510

Dear Senator Merkley:

**We, the undersigned consumer and community organizations, write to support your legislation to protect consumers from high-risk lending on the internet and offline.** The Stopping Abuse and Fraud in Electronic (SAFE) Lending Act of 2012 is important legislation that will safeguard consumers and law-abiding lenders from abuses rampant today in consumer lending.

The SAFE Lending Act safeguards consumers by:

- Requiring all on-line small-dollar lenders (such as payday lenders) to comply with state law if it provides better consumer protections than federal law.
- Preventing national banks and federal savings and loans from making payday loans in violation of the state law where the consumer resides.
- Providing new federal enforcement measures to protect consumers from online payday lenders that seek to evade state consumer protection laws, such as by locating their businesses off-shore, or affiliating with a Native American Tribe and claiming the right to assert the tribe's sovereign immunity.
- Empowering Tribes to enlist the help of the CFPB where needed to protect their members from abusive payday lending on the reservation, and respecting tribal laws that provide stronger consumer protections than are available under state law.
- Closing the single payment loophole in the Electronic Fund Transfer Act and extending consumer control over electronic payment of credit to all loans.
- Safeguarding consumer data by banning "lead generators" who traffic in payday loan application information via marketing websites, and prohibiting them from anonymously collecting sensitive consumer data.
- Stopping lenders from using borrowers' bank account details to create unsigned checks used to withdraw funds, even when consumers have exercised their federal rights against compulsory electronic payment of credit under the Electronic Fund Transfer Act.

We enthusiastically support the SAFE Lending Act of 2012 as a major improvement on protections and rights for consumers who go online to borrow money.

Sincerely,

Americans for Financial Reform  
NAACP  
Consumer Federation of America  
Center for Responsible Lending  
Consumer Action  
Consumers Union  
National Consumer Law Center, on behalf of its low-income clients  
National Association of Consumer Advocates  
National Council of La Raza  
Public Citizen  
National People's Action  
National Community Reinvestment Coalition  
DEMOS  
The Greenlining Institute  
National Fair Housing Alliance  
Center for Digital Democracy  
USPIRG

**State Organizations**

Arizona PIRG  
Southwest Center for Economic Integrity, Tucson, AZ  
Democratic Processes Center, Tucson, AZ  
Arkansans Against Abusive Payday Lending  
Arkansas Community Organizations  
California Reinvestment Coalition  
Privacy Rights Clearinghouse, CA  
The Bell Policy Center, CO  
Florida Consumer Action Network  
Jacksonville Area Legal Services, FL  
Florida Consumer Action Network  
Chicago Consumer Coalition, IL  
Kentucky Coalition for Responsible Lending  
Kentucky Equal Justice Center  
Raise KY  
Jesuit Social Research Institute, Loyola University, New Orleans, LA  
Consumer Assistance Council, Inc., MA  
Maryland Consumer Rights Coalition  
Legal Services Advocacy project, St. Paul, MN  
Reinvestment Partners, NC  
New Mexico Voices for Children  
Empire Justice Center, NY  
Policy Matters Ohio  
NEDAP, NY  
Coalition on Homelessness & Housing in Ohio (COHHIO)

Economic Fairness Oregon  
Oregon Consumer League  
OSPIRG, OR  
Richard Fisher, Attorney, Cleveland, TN  
Legal Aid Society of Texas  
Coalition of Religious Communities, UT  
Virginia Citizens Consumer Council  
Virginia Poverty Law Center  
Mountain State Justice, WV