



Consumer Federation of America



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For immediate Release

Consumer and Community Groups Call on FDIC to Enforce its New Payday Loan Guidelines in CRA Review of Venture Bank and Advance America

Washington, DC—July 14—The National Community Reinvestment Coalition (NCRC), the Consumer Federation of American (CFA), the Community Reinvestment Association of North Carolina (CRA*NC) and 65 other community groups filed comments Friday with the Federal Deposit Insurance Corporation in San Francisco in the Community Reinvestment Act review of a Washington state-chartered bank. The groups urged the FDIC to fail Venture Bank in its CRA exam for unsafe and unsound payday lending in partnership with Advance America in Alabama and Arkansas.

“Abusive payday lending does not meet credit needs because it saps wealth instead of enabling borrowers to accumulate wealth. High-cost payday lending is the antithesis of CRA’s mandate to serve credit needs in a safe and sound manner,” states John Taylor, President and CEO of NCRC. Numerous studies and reports reveal that payday lending disproportionately targets minorities and low and moderate-income (LMI) borrowers.

Venture Bank, formerly First Community Bank of Washington, issues a high volume of payday loans through Advance America in two Southern states where triple-digit interest rates violated constitutional or state legal limits. The Office of the Comptroller of the Currency (OCC) ordered Peoples National Bank of Paris, Texas to halt its lending through Advance America in other states after finding that the payday loans were not safe and sound. The groups petitioned the FDIC to conduct a similar investigation and to fail Venture Bank on its current CRA exam and order the bank to stop making payday loans through Advance America.

"Venture Bank is only the first bank to be evaluated under the new FDIC guidelines. The FDIC has an obligation to conduct these exams immediately for all the banks conducting payday lending." says Peter Skillern, Executive Director, CRA*NC.

“The CRA exam of Venture Bank will be a strong indicator of whether the FDIC is serious about enforcing its new guidelines on payday lending,” said Jean Ann Fox, director of consumer protection for Consumer Federation of America. “The FDIC should stop this misuse of bank powers by storefront lenders to evade state usury and small loans laws.”

The comment letter signed by NCRC, CFA, CRA*NC documented substantial safety and soundness and reputational risks associated with payday lending by Venture Bank including possible violations of the Equal Credit Opportunity Act, the Federal Trade Commission Act, the Fair Debt Collection Practices Act, and other fair lending laws.

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