



## Texas Fair Lending Alliance

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### Members of Congress File Bill to Protect Loan Sharks

*Stand With Texas Families and Uphold the CFPB's Payday Loan Rule*

AUSTIN, Texas — Texas Fair Lending Alliance (TFLA) members, [a coalition](#) of more than 60 community-based and nonprofit organizations across the state, are deeply concerned by the bill filed on Friday to undo the Consumer Financial Protection Bureau's (CFPB's) payday and auto title lending rule. Attacking the final rule — a rule that involved studying the market for five years, incorporating public comment and assessing the needs of borrowers — ignores the voices of families and communities who seek relief from predatory loans and deserve fair lending standards.

TFLA is particularly concerned that a member of the Texas delegation is a co-sponsor of the bill, given the many harms these loans carry in Texas for families and local economies. These uncapped loans often can average over 500 percent APR in our state. They have drained more than \$7.5 billion from Texas families since 2012, and more than 186,000 families have lost a car to auto title lenders — a huge economic hit for families struggling to make ends meet.

The bill, introduced by Rep. Dennis Ross (R-Fla.) and co-sponsored by Rep. Henry Cuellar (D-Texas), Rep. Alcee Hastings (D-Fla.), Rep. Tom Graves (R-Ga.), Rep. Steve Stivers (R-Ohio), and Rep. Collin Peterson (D-Minn.), would kill the long-awaited rule before it even goes into effect. The rule would require payday and auto title lenders to make loans only after they have assessed whether the borrower can afford to pay them back. This is a basic measure that is designed to protect people from being trapped in the high-cost loans that characterize the payday and auto title industry. The rule would limit refinances to two during a certain time period, require the lender to notify the borrower before taking money from an account for loans above 36 percent APR, plus a number of other protections. The Consumer Bureau's rule is [supported by more than 70% of Republicans, Independents and Democrats](#).

"Our churches work hard on the ground to help families trapped in payday and auto title loan debt," said Kathryn Freeman, director of public policy with the Christian Life Commission, a TFLA member. "The Consumer Bureau payday loan rule is an important step forward for the families we serve."

A coalition of 700 civil rights, consumer, labor, faith, veterans, seniors and community organizations from all 50 states energized a years-long effort to push the Consumer Bureau for strong protections from predatory payday and car title lending. The business model relies on repeat borrowing of unaffordable loans; 75 percent of all payday loan fees are generated from borrowers stuck in more than 10 loans a year.

"People who need a small-dollar loan should be able to get it in a fair way that doesn't trap them in high-cost debt. That's why thousands of individuals and organizations across Texas have worked to support a meaningful CFPB rule that reins in the worst abuses of payday and auto title loans," said Ann Baddour, director of the Fair Financial Services project at Texas Applesseed, a TFLA member. "We need our representatives in Congress to reject this bill and fight for the financial well-being of our families by supporting this common-sense rule."

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