

Personal Stories of Financial Havoc Fuel Vincentian Drive for Payday Lending Reform

A Call for Help!

Tom Dwyer, Chair, National Voice of the Poor Committee

As the Society continues its advocacy for payday lending reform, a front-line story from a Vincentian in the North Central Region highlights the danger and the importance of change.

On a comment card to be submitted to the U.S. Consumer Financial Protection Bureau (CFPB) in support of its proposed new regulations governing payday, vehicle title and high cost installment loans, the Vincentian describes the experience of two victims of the debt trap whom she encountered in her ministry.

“Couple in [location omitted] fell behind in rent payments due to increased medical expenses related to long-term illness. They have insurance but fell behind paying the “co-pay” for her MD visits & hospital visits. They borrowed from two lending institutions for the co-pay money, and then borrowed from a third to pay the loan’s interests. They state they had nowhere else to go. They currently owe \$550/month in interest. When they borrowed \$1,000, payments of \$185 every other week for six months were set up. They will end up paying \$2,220.”

Abuses like this are precisely why reform is needed at federal and state levels, and why the Society through its Voice of the Poor Committee is actively engaging in a campaign to urge regulators and legislators to enact strong provisions to protect the working poor from such unscrupulous and immoral lending tactics.

You can participate and help in the following ways:

- Join your sister Conferences and Councils in collecting stories like this on comment cards and sending them to the Center for Responsible Lending. The center in turn will submit them to the CFPB. Conferences and Councils in Delaware, Idaho, Ohio, Texas, Virginia and Wisconsin have already requested these cards and are distributing them among their Vincentians. Contact me at tdwyerma@comcast.net to place an order for the cards as time is short. Stories are powerful!
- Check out information about the debt traps and the proposed regulations to reform these abusive lending practices at these websites and pass the information on to your fellow Vincentians:
 - [Center for Responsible Lending](#)
 - [Faith for Just Lending](#) (the Society is a sponsoring organization of this faith-based coalition)
 - [The US Consumer Financial Protection Bureau](#)

It is ironic, and an indication that the payday lending industry is not needed by the working poor as it vehemently contends it is, that about 1/3 of the country (15 states) largely escape the industry’s

ravages as those states have legislatively imposed interest rate caps. In the other states, no such protective legislation exists, and, unfortunately, the Federal government's new power under the Dodd-Frank Act Wall Street Reform and Consumer Protection Act to regulate certain aspects of the industry does not extend to interest rates *per se*.

- Watch for an action alert from the Society asking that you contact your congressional representative to urge them not to interfere in the regulatory adoption process by passing legislation that would block, delay or otherwise encumber such action by the CFPB. Already, such a proposed law has passed the House. The action alert will likely be issued after Congress returns from its summer legislative recess.
- Watch for detailed testimony to be submitted by the Society commenting on the proposed regulations.
- At the recent SVdP National Assembly, the Saturday lunch keynote speakers were: Richard Cordray, Director of the CFPB, and [Mehrsa Baradaran, a University of Georgia law professor and author of the recent book, "How the Other Half Banks."](#) Their joint topic, Protecting and Promoting the Financial Well-Being of Those We Serve, covered both public policy and the real life experiences of our friends in need as they cope with the financial world and the difficult economy in their fight to survive.

Time is critical. The CFPB is accepting comments on the proposed regulations through October 7th. Please request the hard copy version of the comment cards through me at tdwyerma@comcast.net. And don't hesitate to let me and other regional Voice of the Poor leaders know your thoughts, stories and concerns.