

CLC withdraws opposition to Carona payday lending bill

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AUSTIN—A coalition that includes the [Texas Baptist Christian Life Commission](#) withdrew opposition to a payday lending bill after the legislation's sponsor agreed to make changes.

The CLC, the Texas Catholic Conference and AARP had opposed SB 1247 by Sen. John Carona, R-Dallas, because it doubled the loan terms of auto-title loan to a full year without limits on rates and fees, and it pre-empted existing local ordinances regulating the lenders, among other provisions that caused concern.

However, the organizations withdrew their opposition after Corona accepted changes that:

- Require that fees be included in calculation of income limits for single-payment loans, to limit the amount of debt imposed on borrowers as a percentage of their income.
- Establish a temporary moratorium on city ordinances that will expire in two years. That gives cities and lenders time to adjust to new regulations, but it ensures municipalities can maintain authority over lenders in their jurisdictions.
- Set a 180-day maximum term on all loans, with no refinancing on multi-payment loans.

Corona agreed to six amendments to his bill and publicly committed that he will hold to those changes in any negotiations with the House of Representatives in conference committee.

“While we remain concerned about usurious installment lending even after passage, this bill now represents another step forward in the ongoing struggle for fair lending in Texas,” said Stephen Reeves, CLC director of public policy.

The amended bill does not provide every desired safeguard to protect the poor from being trapped in endless cycles of debt, said Jeffery R. Patterson, executive director of the Texas Catholic Conference. However, he said, it “establishes a strong first step toward regulating and containing the predatory lending practices that some of these lenders engage in.”