

# Organizations join CLC in fight to regulate payday lenders

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AUSTIN—The push to regulate auto title and payday lenders gained steam recently as more than three dozen organizations representing consumers, financial institutions, low-income communities and the elderly joined the cross-denominational [Texas Faith for Fair Lending](#) in efforts to push for new state laws to protect borrowers from interest rates and fees.

In recent years, Texas Faith for Fair Lending—a coalition that includes the [Texas Baptist Christian Life Commission](#) —has been working on the payday lending issue as church leaders have noted how payday loans hurt individuals and families who struggle with interest higher than 400 percent APR.

“When a desperate borrower takes out a \$4,000 auto title loan, pays \$1,200 a month for months on end and never pays it off, something is terribly wrong with the law,” said CLC Director Suzii Paynter, speaking on behalf of Texas Faith for Fair Lending. “This type of predatory lending hurts Texas families and is a clear moral issue of concern for our pastors and congregations.”

Leaders of Texas Faith for Fair Leading are the CLC, Texas Impact, and the Texas Catholic Conference. The Texas Fair Lending Alliance includes AARP Texas, Texas Appleseed, Center for Public Policy Priorities, Texas Association of Goodwills, RAISE Texas, Texas Association of Community Development Corporations, Texans Care for Children and other groups.

The new joint coalition’s goals have widespread support, according to polling data released by Texas Fair Lending Alliance. The group reported 75 percent of surveyed registered Texas voters support legislation to lower

consumer costs on these heavily marketed small-dollar loans that trap many payday and auto title borrowers in mounting debt.

“These poll results indicate overwhelming, nonpartisan support for meaningful state regulation of payday and auto title lending among Texas’ registered voters—and that support holds true irrespective of gender, race, ethnicity or political party affiliation,” said Rebecca Lightsey, executive director of public interest law center Texas Appleseed.

When asked to describe payday and auto title loans, participants in the poll most frequently used the terms “high interest,” “rip off” and “expensive.”

“These loans are defective products that unfairly target working families, military families, and seniors. The public’s negative perception is in line with the devastating impact these loans have on consumers and the economy as a whole, which has been well-documented in state and national research,” Lightsey added.

Among those polled, 85 percent favored capping interest rates on payday and auto title loans at 36 percent APR or less. New state laws took effect in January that license payday and auto title lenders for the first time in Texas and require more transparent disclosure of their loan terms to potential borrowers.

“Texas lawmakers have taken a critical first step to provide a framework for fair small-dollar lending in this state,” said Bob Jackson, state director of AARP Texas. “It’s time to address the issue of high interest and fees and a business model that traps borrowers in a never-ending cycle of mounting debt. Seniors on limited incomes are particularly vulnerable to these highly excessive rates and fees.”