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Payday Lenders Advance Higher-Cost Loan Bill Through Another Florida Senate Committee

Documentation of Harms Fails to Slow Bill's Momentum

Tallahassee, Florida — A bill favoring payday lenders passed out of the Florida Senate Appropriations Committee Thursday afternoon, with only Senator Anitere Flores voting against the bill, as payday lenders and their legislative sponsors continue to claim they need a new law allowing more expensive loans than the triple digit debt traps they already market in Florida. The federal rule payday lenders fear will disrupt their practice of ensnaring customers in long-term cycles of debt may never even take effect.

Chair Bradley added an amendment to the bill changing provisions of the Florida Consumer Collection Practices Act to erode protections for consumers by removing the notice consumers receive when a debt buyer has purchased a debt. Consumers stand to lose the ability to track who is the proper party with whom they should communicate regarding their account.

The Consumer Financial Protection Bureau spent five years crafting a rule that would require payday lenders to assess the customer's ability to repay their loans after the first six loans taken. Claiming they cannot operate under those conditions, payday lenders are pushing for passage of SB 920/HB 857, which would allow loans twice as large as the current limit, up to \$1,000, with 60- to 90-day terms and annual interest rates over 200%.

The Consumer Bureau rule is under heavy attack at the federal level which puts its future in doubt, and it is not scheduled to take effect until August 2019.

At the Rev. James T. Golden of the AME Church in Florida asked members of the Senate Appropriations committee to be honest that they are helping the industry and not consumers.

"You are causing a lot more harm than the good you can cause with this product," said Rev. Golden. "This does not solve the problem of poor people being able to get money without being abused. It makes a mockery of their condition."

"Over 50% of these loans go to borrowers with 12 or more loans per year," said **Ingrid Delgado of Florida Conference of Catholic Bishops** at the Thursday hearing. Citing an example loan, she said, "Under the new model this would cost consumers almost twice as much in real dollars, and these are loans that affect the working poor and people on fixed incomes."

"The payday lenders claim a low default rate means borrowers are not in trouble," said **Alice Vickers, director of Florida Alliance for Consumer Protection**. "On the contrary, payday

customers so often have to pay back the loan and reborrow again, the default rate is artificially low. Many end up defaulting only after their bank accounts have been bled dry.”

Office of Financial Regulation “Veritec” report on the industry finds in Florida that payday lenders still collect over \$303 million per year from customers largely trapped in long-term cycles at annual interest rates over 200%.

The payday lenders depend on this long-term cycle, with over [83% of Florida payday loans going to people stuck in a cycle of 7 or more loans per year](#). Because these loans are so expensive, being unable to break free of that cycle leads families into financial devastation, causing them to get behind on other bills, lose bank accounts and be more likely to have to file bankruptcy.

Calls to kill SB 920/HB 857 also came last week from the [Florida AARP](#), the [Florida NAACP](#), more than [50 faith leaders](#) from across the state, and [the Archbishop of Miami](#). The Florida Catholic Conference, National Association of Latino Community Asset Builders, Florida Prosperity Partnership, Florida Veterans for Common Sense, the Cooperative Baptist Fellowship of Florida, UnidosUS, Florida Hispanic Unity, Florida Legal Services, League of Southeastern Credit Unions and many others have also voiced their opposition.

*Read the **open letter** signed by 56 faith leaders from across the state, along with the AME Church of Florida (consisting of more than 400 churches), National Baptist Convention USA, Inc., Cooperative Baptist Fellowship, and Ecumenical Poverty Initiative:*
<http://flacp.org/wp-content/uploads/2014/02/Florida-Faith-Letter-Feb-7-2018.pdf>

*Listen to the **audio press conference** (and read quotes below) of a former payday borrower, his pastor and other Florida faith leaders: <http://bit.ly/2EektKA>*

Faith leaders and a former payday borrower spoke out in a press conference last Thursday (<http://bit.ly/2EektKA>):

“On behalf of the millions of people that have actually been involved in this type of predatory lending, you start off as a customer but you eventually become a victim...I quickly found one \$425 payday loan put me in a spiral to where when the next payday came the money that I had to pay to the loan would make me short somewhere else...It is just a treacherous trap and a juggling game. You are not borrowing from Peter to pay Paul, you’re borrowing from the devil to pay the devil.” -- Elder Wayne Wright, Mt. Olive Primitive Baptist in Jacksonville.

“I serve in a community in one of the toughest hit areas of ... I represent 236 churches throughout Florida where we have looked in our communities and found that payday lending is set up in communities least able to afford opposition to those lenders... This bill would not reform payday lending even though it is badly needed, but instead...it would add another type of high-cost debt trap payday loans to the toolkit of payday lenders.” -- Pastor Lee Harris, Mt. Olive Primitive Baptist in Jacksonville.

“It is an injustice to punish those or to box persons in who find themselves needing assistance.” - Bishop Teresa Jefferson-Snorton, 5th District of the CME Church, Florida.

“I consider it an economic justice issue, it is a consumer protection issue for the poor and often the not-so-poor, who need a quick loan to cover some unexpected expense, but they’re invited to their own financial funeral and interment.” -- Bishop Adam J. Richardson, 11th District of the AME Church, Florida.

“Why are Florida lawmakers listening to payday lenders and not to those of us who have our fingers on the pulse of the communities that are hardest hit by predatory lending?” -- Rev. Rachel Gunter Shapard, Cooperative Baptist Fellowship of Florida.

“It seems it’s open season for vultures to take advantage of the most vulnerable members of our society... The payday lending industry raked in more than \$300 million last year and we need to think of that \$300 million as peanut butter and jelly sandwiches for our poorest children.” -- Rev. Dr. Russel Meyer, Florida Council of Churches.

In a letter, civil rights attorney Benjamin Crump expressed opposition to the bill:

“Payday lending puts the burden of extremely high interest rates on people of extremely low means. And these loans offer no value but instead serve to systematically redistribute wealth from low-wealth communities to large, corporatized predatory lenders. And as with so many other issues, this is one that has a devastating impact to the fabric of Black and Latino communities... We cannot in good conscience let a sophisticated means of exploitation, especially one that can be resolved with such a simple solution, continue to destroy good and decent people. Florida lawmakers should reject this new product and instead pass a usury cap on payday loans – just as people across this state are asking them to do.”

Rev. James T. Golden, social action director of the AME Church in Florida, gave committee members an impassioned plea last week:

“The reality is that on a per annum basis, all of the products that have been produced for consideration by the legislature in Florida have triple-digit interest rates. While we debate this in the two hours that have been granted, there are people who have to live with this for six months, or for a year. And the reason we complain is that they live with this much longer than that because these products keep them in debt, keep them from being able to move beyond the sad state that they find themselves in....

...I find it very difficult to be sympathetic to multi-millionaires sitting in here saying to you, we need help, when you all know that the resources this preacher and I bring to bear on this situation doesn’t come with one campaign contribution. But it comes with a heartfelt plea to you to do the right thing by the people who couldn’t come here today. Do the right thing by the people who couldn’t lift their voices because they’ve been too busy paying off these loans they’ve gotten from the industry.