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**September 16, 2014**

Dear Congress Member:

**We, the members and supporters of the Ohio CASH Coalition, are writing to ask you to co-sponsor the Durbin-Cartwright bill, S673/HR 5130, the Protecting Consumers from Unreasonable Credit Rates Act.** The bill would enact a 36% interest rate cap for rates associated with consumer credit products, including payday loans and car title loans which typically carry more than 300% APR. This bill is urgently needed to curtail abusive, predatory payday lending practices.

Ohio CASH, a project of Policy Matters Ohio, stands for Creating Assets, Savings and Hope and is the state asset building coalition focused on family financial stability and consumer protection. Our coalition consists of social service, policy, advocacy and trade organizations throughout Ohio that work to support families. Ohio CASH and its partners do research, policy advocacy, capacity building, and outreach to help Ohioans build savings and assets. Our goal is to improve the financial and economic conditions for low- and moderate-income families and communities.

Since Ohio authorized payday lending with the Check Cashing Loan Act of 1996, payday lenders have grown exponentially in our state. They prey upon working people struggling to support themselves and their families. Payday lenders drain needed dollars from Ohioans with their excessive fees– some charge interest rates of over 700% APR![[1]](#footnote-1) These loans are made with no regard to ability to repay, and instead rely on direct access to clients’ bank accounts for repayment.

Although these loans are marketed as a quick financial fix, they frequently result in a long-term debt trap. The typical borrower is stuck in payday loan debt for more than 200 days a year and more than two-thirds of payday loan volume is due to churning borrowers every two weeks. Research shows these abusive practices disproportionately harm low-income people and communities of color.

In 2008, state lawmakers, consumer advocates and Ohio voters limited payday lending by creating and upholding the Ohio Short-Term Loan Act. The legislation, designed to regulate payday lending, included provisions to limit loan interest rates, restrict number of loans taken out each year, and increase the time to repay. The law was considered a model for the nation. Unfortunately, the industry was able to evade the law and charge higher interest rates. Earlier this year, the Ohio Supreme Court ruled that the Act was not sufficient to regulate payday lenders. Despite the efforts of legislators, consumer advocates and Ohio voters, payday lending has grown and become more profitable to the detriment of vulnerable families. **We need the passage of the Durbin-Cartwright bill to protect financially vulnerable families in Ohio.**

As the data and experiences from borrowers show time and time again, the debt trap caused by these predatory loans is harmful and abusive. We hope you will take a leading role in protecting all Americans, and especially Ohio families, from these abusive practices by co-sponsoring the Durbin-Cartwright bill. If you would like to discuss our support, please contact **Kalitha Williams** of **Policy Matters Ohio** at **kwilliams@policymattersohio.org** or **614-221-4505**.

Thank you for your service to our state and our country.

Sincerely,

Coalition on Homelessness and Housing in Ohio

Neighborhood Housing Services of Greater Cleveland

Ohio Association of Community Action Agencies

Ohio Community Development Corporation Association

Ohio Council of Churches

Ohio Partners for Affordable Energy

Ohio Poverty Law Center

Policy Matters Ohio

The Schubert Center for Child Studies at Case Western Reserve University

1. <http://www.policymattersohio.org/auto-title-loans-dec2012> [↑](#footnote-ref-1)