Robert E. Feldman, Executive Secretary
Attn: Comments
Federal Deposit Insurance Corporation
550 17th Street NW
Washington, DC 20429
Via Email: comments@fdic.gov

Legislative and Regulatory Activities Division
Office of the Comptroller of the Currency
400 7th Street SW, Suite 3E-218
Mail Stop 9W-11
Washington, DC 20219
Via Email: regs.comments@occ.treas.gov
Docket ID OCC-2013-0005

The undersigned community and faith organizations are writing to comment on the guidance recently proposed to put an end to the most abusive aspects of bank payday lending products. First, we thank you for acting to address this issue and for publicly recognizing that big bank payday lending is every bit as toxic and destructive as storefront payday loans with the added danger of direct access to vulnerable consumers' checking accounts.

Payday lending of every variety negatively impacts all of our communities. These lenders target the most vulnerable citizens as well as low-income and communities of color with misleading terms and triple digit interest rates that almost invariably lead to families trapped in a cycle of debt. It is a predatory product.

The measures that have been proposed are a good start. Requiring that these loans be truly underwritten, with a true ability to pay standard, and limiting the number of loans a person can obtain are both crucial measures and must be maintained in the final guidance.

To improve the guidance in order to improve outcomes for consumers, communities and the safety and soundness of the banks, the OCC and the FDIC should also include the following:

- <u>Limit the fees and costs to an annualized percentage rate of 36% while not preempting lower rates in some states.</u>
  We urge the OCC and FDIC to update the guidance to limit the cost of Deposit Advance loans to bring them into line with the FDIC's Affordable Small Dollar Loan guidance and many state laws. This product, as the guidance currently states, should follow safe and sound business practices and banks should not be relying on a deceptive product's fee income. It is critical, however, that this provision not preempt state laws.

- Extend the 'cooling off periods' so banks can offer only 3 loans per year instead of the currently proposed 6 per year.
  A hallmark of Deposit Advance and storefront payday lending is the prevalence of repeat borrowing – the debt trap, where individuals take out new payday/deposit advance loans in order to pay off the previous loan. While we support the spirit behind the current proposal to effectively limit to 6 per year, it does not go far enough to help ensure borrowers don't fall into a debt trap. A limit of 3 per year, or a two month cooling off period between a fully paid off loan will help keep families out of a debt cycle.

- Prohibit bank funding of 'traditional' storefront payday lenders.
  As your guidance and the white paper recently released by the CFPB points out, payday lending is a dangerous product that preys on some of the most vulnerable, trapping them in often-inescapable cycles of debt. This holds true for all forms of payday lending. While we applaud your efforts to ensure banks aren't directly involved in offering products that foster these practices, you must move forward and ensure that banks are not enabling them through their over $1 billion combined funding of storefront predatory payday lending through lines of credit and other forms of financing.

We thank you for your consideration of these proposals.

Sincerely,

National People's Action
Alliance for a Just Society
New Bottom Line
PICO National Network
Right to the City

Community Organizations in Action
Colorado Progressive Coalition
Fuerza Laboral / Power of Workers
Grass Roots Organizing, MO
IIRON
Idaho Community Action Network
Illinois People's Action
Iowa Citizens for Community Improvement
Mahoning Valley Organizing Collaborative
Northside P.O.W.E.R.
The People's Lobby
Syracuse United Neighbors

cc: Chairman Ben Bernanke, Federal Reserve