

March 4, 2013

The Honorable Suzanne Bonamici
United States House of Representatives
439 Cannon HOB
Washington, DC 20515

RE: Safeguard Consumers from Risky Online Payday Lending

Dear Rep. Bonamici:

We, the undersigned consumer and community organizations, write to support your legislation to protect consumers from high-risk lending on the internet and offline. The Stopping Abuse and Fraud in Electronic (SAFE) Lending Act of 2013 is important legislation that will safeguard consumers and law-abiding lenders from common abuses in consumer lending.

The SAFE Lending Act safeguards consumers by:

- Requiring all on-line small-dollar lenders (such as payday lenders) to comply with state law if it provides better consumer protections than federal law.
- Preventing national banks and federal savings and loans from making payday loans in violation of the state law where the consumer resides.
- Providing new federal enforcement measures to protect consumers from online payday lenders that seek to evade state consumer protection laws, such as by locating their businesses off-shore, or affiliating with a Native American Tribe and claiming the right to assert the tribe's sovereign immunity.
- Empowering Native American tribes to enlist the help of the CFPB where needed to protect their members from abusive payday lending on the reservation, and respecting tribal laws that provide stronger consumer protections than are available under state law.
- Closing the single payment loophole in the Electronic Fund Transfer Act and extending consumer control over electronic payment of credit to all loans.
- Safeguarding consumer data by banning "lead generators" who traffic in payday loan application information via marketing websites, and prohibiting them from anonymously collecting sensitive consumer data.
- Stopping lenders from using borrowers' bank account details to create unsigned checks used to withdraw funds, even when consumers have exercised their federal rights against compulsory electronic payment of credit under the Electronic Fund Transfer Act.

We enthusiastically support the SAFE Lending Act of 2013 as a major improvement on protections and rights for consumers who go online to borrow money. For more information, please contact Tom Feltner, director of financial services, Consumer Federation of America, (202) 618-0310.

Sincerely,

U.S. PIRG

National Consumer Law Center, on behalf of its low-income clients

Consumers Union

Consumer Action

Consumer Federation of America

Center for Responsible Lending