

FROM: **TEXAS FAIR LENDING ALLIANCE**  
**TEXAS FAITH FOR FAIR LENDING**

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## **FOR IMMEDIATE RELEASE**

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# **Two Major Coalitions Team Up to Push for New State Laws to Rein in High-Cost Payday and Auto Title Lending in 2013**

*New Poll Results: Texas Voters Support Capping Loan Rates and Fees by 3-to-1 Margin*

Austin, TX – More than three dozen organizations representing consumers, financial institutions, low-income communities, and the elderly are joining the new **Texas Fair Lending Alliance** and teaming up with the multi-denominational **Texas Faith for Fair Lending** in a joint push for new state laws to protect payday and auto title loan borrowers from high interest and fees.

New statewide poll results, released today, show that 75% of surveyed registered voters in Texas support legislation to lower consumer costs on these heavily marketed small-dollar loans that trap many payday and auto title borrowers in mounting debt. The poll, commissioned by the Alliance, was conducted by Austin-based I&O Communications and has a 3.4% margin of error.

“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**, a member of the Alliance.

When asked to describe payday and auto title loans, participants in the statistically valid poll (36% REP, 35% DEM, 29% IND) most frequently used the following 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.

Leaders of Texas Faith for Fair Lending are the **Texas Baptist Christian Life Commission**, **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.

“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 **Suzi Paynter**, Director of the **Texas Baptist Christian Life Commission**, 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.”

**Bee Moorhead**, director of the interfaith group **Texas Impact** said, “Too often, families are forced to seek emergency assistance with a light bill, a sack of groceries, or rent because their own resources are eaten up paying fees on payday or auto title loans. Our tithes and offerings are being drained to help feed the cycle of debt.”

Among those polled, 85% favored capping interest rates on payday and auto title loans at 36% 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.”

The cities of Dallas, Austin, and San Antonio have adopted zoning ordinances to limit the location of new payday and auto title loan outlets within their city limits. Austin and Dallas have enacted additional protections to prevent consumers from becoming mired in a cycle of extended payday and auto title loan debt.

“The poll results confirm overwhelming nonpartisan support (75%) for action at both the state and local levels to rein in high interest and fee charges on payday and auto title loans,” Lightsey said. “The poll shows voters are ready to support taking the next steps toward meaningful reform.”

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