Payday Borrower Protection Act of 2001

HON. BOBBY L. RUSH
OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 29, 2001

Mr. RUSH. Mr. Speaker, I rise today to introduce the Payday Borrower Protection Act of 2001.

With a slowing economy, payday loan companies are springing up in storefronts all across America. Payday lenders provide short-term loans with minimum credit checks to consumers who are in need of ready cash, but these predatory businesses exist to exploit the financial situation many low- and middle-income families face. To the financially strapped consumer, these loans may seem like the answer to prayer. Borrowers are overcharged by interest rates ranging from 261% to 913% annually, these transactions are a recipe for disaster.

Payday lenders often utilize “loan shark” tactics, such as threatening civil or criminal action against the borrower if they do not pressure them into more expensive rollover loans. Requiring borrowers to sink further into debt. Similar to the Greek mythical character, Sisyphus, who was condemned to an eternity of rolling a boulder uphill, payday borrowers become trapped in a perpetual cycle of fees and payments which serve only to line the pockets of the payday lender. A 1999 Indiana Department of Financial Institutions audit revealed that, on average over a twelve-month period, consumers renewed their loans ten times; one consumer renewed sixty-six times.

Mr. Speaker, my bill would bring fairness to the payday loan industry. Specifically, it would:

Provide a private cause of action, criminal and civil penalties for violation of this act.

Prohibit threatening criminal or civil action in order to force a borrower into rolling over a payday loan.

Prohibit rolling over any deferred deposit loan unless 30 days has elapsed from the termination of any prior payday loan; and

Limit the period of maturity of any loan to four days.

Prohibit any deferred deposit loan with a maturity of four days or less.

Provide a private cause of action.

Mr. Speaker, I urge my colleagues to join me in ensuring that consumers are protected from the predatory practices of payday lenders by supporting the Payday Borrower Protection Act of 2001.

A Tribute to Gus McIver Sanders

HON. EDOLPHUS TOWNS
OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 29, 2001

Mr. TOWNS. Mr. Speaker, today it gives me great pleasure to rise in honor of Gus McIver Sanders on the occasion of his retirement from the New York City Police Department.

TRIBUTE TO BRYAN PAUL RICHMOND AND BRENDAN JAMES ALLAN

HON. JOHN T. DOOLITTLE
OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 29, 2001

Mr. DOOLITTLE. Mr. Speaker, today I wish to remember two of my young constituents, Bryan Paul Richmond and Brendan James Allan, whose lives were recently cut short in a tragic accident. On February 21, 2001, both seventeen-year-olds were killed in a avalanche while skiing between Squaw Valley and Alpine Meadows. Although my words cannot fill the void that their passing has left in the lives of many people, I hope that I can bring