United States Senate
WASHINGTON, DC 20510

May 6, 2020

The Honorable Steven T. Mnuchin
Secretary
U.S. Department of the Treasury
1500 Pennsylvania Avenue, NW
Washington, D.C. 20220

The Honorable Jovita Carranza
Administrator
U.S. Small Business Administration
409 3rd Street, SW
Washington, D.C. 20416

Dear Secretary Mnuchin and Administrator Carranza:

We are concerned by reports that payday lenders are lobbying to gain eligibility for the Paycheck Protection Program (PPP). Payday lenders are currently ineligible to receive Small Business Administration (SBA) business loans, including PPP loans[1]. However, the Treasury Department and SBA have been using administrative authority through Interim Final Rules to adjust eligibility requirements for the PPP. We strongly urge you to reject these requests by payday lenders whose business model centers on providing predatory loans to the most financially vulnerable Americans.

At this moment in our nation's history, it is paramount that we come together and provide economic relief to our nation's small businesses. This crisis has fallen especially hard on the most vulnerable small businesses, particularly those in rural and underserved communities.

However, access to federal relief programs should not be granted to those that have consistently profited by driving low-income individuals and families deeper into debt. It would be abhorrent to provide a lifeline to financial actors who take advantage of hardworking individuals and families. Taxpayer dollars should not be used to enable such deceptive and predatory lending practices.

The research on the payday industry is clear. Payday lenders target individuals who are struggling to make ends meet, and lenders are significantly more likely to operate in areas with higher concentrations of poverty. Each year, approximately 12 million Americans turn to high-cost payday loans.[2] Despite regulations designed to protect military families, they continue to be targeted by predatory lenders which threatens our national security. Payday lenders charge exorbitant fees and trap people in an endless cycle of debt from which it is nearly impossible to emerge. As a result, nearly four out of five payday loans are renewed within 14 days,[3] and the majority of those loans are renewed so many times that borrowers end up paying more in fees than the amount they originally borrowed.

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[1] 13 C.F.R. § 120.110.
[2] https://research.stlouisfed.org/publications/page1-econ/2019/04/10/fast-cash-and-payday-loans.
[3] https://files.consumerfinance.gov/f/201403_cfpb_report_payday-lending.pdf.

This Administration has made every attempt to undermine and rewrite consumer protections to favor the payday industry, instead of upholding its duty to protect consumers from unfair, deceptive, and abusive practices. Just last week, *The New York Times* reported that the Consumer Financial Protection Bureau's overzealous political appointees, eager to rewrite the Obama-era payday rule in pursuit of a deregulatory agenda, manipulated the Bureau's research process to justify their weakening of consumer protections.

We expect Treasury and the SBA to be good-faith stewards over the small business relief funding provided by Congress. We ask that in overseeing these programs, you consider the interests of consumers and responsible small businesses above the lobbying of the predatory payday loan industry.

Sincerely,

Richard J. Durbin
United States Senator

Jeffrey A. Merkley
United States Senator

/s/ Sherrod Brown
United States Senator

Jack Reed
United States Senator

Elizabeth Warren
United States Senator

/s/ Chris Van Hollen
United States Senator