



Take Our Free Online Seminars. Charles Schwab

FRONT PAGE **NEWS & COMMENTARY**[Columnists](#) [First Take](#) [Special Reports](#) [Blogs](#) [Podcasts](#) [Industry News](#) [Economy & Politics](#) [Newsletters](#) [Obama's Challenge](#)

LATEST NEWS

PRESS RELEASE

**Public Favors 36% Cap On Consumer Loans, Survey Finds
--U.S. House and Senate Weighing Such a Cap**

Last update: 5:57 p.m. EDT March 30, 2009

WASHINGTON, March 30, 2009 /PRNewswire-USNewswire via COMTEX/ -- A CRL survey published today finds high levels of support for an annual interest rate cap on consumer loans of no higher than 36 percent. Three out of four Americans with an opinion think that Congress should cap interest rates at some level, and 72 percent think that level should be no higher than 36 percent.

Such a cap has been introduced in both the U.S. Senate and House as one strategy for helping to restore the health of our economy and financial systems. Senator Dick Durbin, (D-IL) introduced S500 in late February and Representative Jackie Speier (D-CA) followed suit in the House last week, introducing H.R. 1608.

The Center for Responsible Lending supports a 36 percent cap on annual interest rates as a measure that would contribute to economic recovery efforts by ending high-interest credit schemes that trap working families in debt. The cap is the only reform that has been effective in stopping payday lenders from trapping their customers in long-term debt at annual rates of 400 percent.

"A 36 percent cap on annual interest for consumer credit is a quick, common-sense way to restore protections that have been severely compromised in the consumer credit market," said CRL president Michael Calhoun. "It would cost taxpayers nothing and plug a \$5 billion hole in the wallets of working families."

In the CRL survey, most respondents, 82 percent, voted in last year's presidential election. Only 25 percent thought there should be no cap on interest rates at all.

Congress passed a 36 percent cap in 2006 to protect active members of the military after the Pentagon testified that payday loans were affecting military readiness. Ohio, Arkansas, New Hampshire, and Arizona are among states that recently revoked exemptions from usury caps their lawmakers had given payday lenders. State lawmakers reimposed the usury cap after seeing firsthand the harm payday lending inflicts on borrowers, who typically can't escape quickly from such high-cost debt. But 35 states have yet to pass reforms that stop such practices.

The federal measure would give all citizens an equal measure of protection from what can only be described as legal loan-sharking, but also would allow state lawmakers to set even stronger protections if they deemed it necessary. Arkansas limits interest to 17 percent within its state constitution, New York makes interest above 25 percent a criminal offense, and Ohio passed a 28 percent cap last year, which was affirmed by voters in a ballot measure in November. A federal cap would not alter these state protections.

Payday loans are marketed as an advance on a borrower's next paycheck, but the terms of these small loans are designed to keep borrowers paying high interest payments over long periods of time without paying off the loan or even paying down the principal.

"Recent research links predatory products like payday lending to bankruptcy, closed bank accounts, credit card delinquency and a long list of other financial hardships," Calhoun said. "There is really no excuse for failing to stop these abuses now, for the sake of working families across the nation, and for the sake of our economic stability. We see where lax consumer protections led us in the mortgage market. We should learn from that hard-taught lesson."

For more details on the survey please visit: <http://www.responsiblelending.org/issues/payday/reports/interest-rate-survey.html>.

About the Center for Responsible Lending



Mutual Funds E-newsletter



The latest mutual fund news and commentary delivered to your inbox weekly.

[Sign up](#)
[Privacy policy](#)

MOST POPULAR

[READ](#) [E-MAILED](#) [EDITOR'S PICK](#)

1. [Georgia, N.J. and Utah banks fail](#)
2. [Dollar-cost averaging converts skeptical investors](#)
3. [2009 BMW 750Li: No Bangle, lots of bauble](#)
4. [China's gold buy raises eyebrows for right reasons](#)
5. [Banks health, jobs report to test bulls' will](#)
6. [Stocks in focus for Monday](#)
7. [Regulators close Utah-based America West Bank](#)
8. [Auto sales take another hard hit in April](#)
9. [Citizens Community Bank fails, 31st closure of '09](#)
10. [Sanguine chip industry points to a tech turnaround](#)

[Get the Latest MarketWatch News >>](#)

PARTNER CENTER

The Center for Responsible Lending is a nonprofit, nonpartisan research and policy organization dedicated to protecting homeownership and family wealth by working to eliminate abusive financial practices. CRL is affiliated with Self-Help, one of the nation's largest community development financial institutions.

SOURCE Center for Responsible Lending

<http://responsiblelending.org>

Copyright (C) 2009 PR Newswire. All rights reserved ■



Sponsored Links

Ditech® Jumbo Home Loans

Jumbo Rates Starting at 4.500%, 4.484% APR with Ditech. Apply Now!

www.Ditech.com

loan is slow

Higher approval rate on loans up to \$1,500. Funds in 1 hour or less!

www.1-hour-cash-advances.com

PayOff PayDay Loans Fast

Free Estimate! 30 Second Form

www.EscapePaydayLoans.com

Top stories

- 8:23 PM 5/1/09 [Georgia, N.J. and Utah banks fail](#)
- 4:43 PM 5/1/09 [Stocks look to economic data for May direction](#)
- 4:55 PM 5/1/09 [Auto sales take another hard hit in April](#)



Switch to Scottrade, get up to \$100 back



Get 100 Free Trades. E*TRADE Securities.



30-Day Guarantee. Click Here.



Trade free for 30 days at TD AMERITRADE.

[Site Index](#) | [Topics](#) | [Archive](#) | [Help](#) | [Feedback](#) | [Media Archive](#) | [Premium Products](#) | [Mobile](#) | [RSS](#) | [Podcasts](#) | [Company Info](#) | [Advertising Media Kit](#) | [License our Content](#)

The Wall Street Journal Digital Network:

[WSJ.com](#) | [Barron's Online](#) | [BigCharts](#) | [Virtual Stock Exchange](#) | [All Things Digital](#) | [MarketWatch Community](#)
[RealEstateJournal.com](#) | [Financial News Online](#) | [WSJ.com Small Business](#) | [FiLife – Personal Finance](#)



Copyright © 2009 MarketWatch, Inc. All rights reserved.

By using this site, you agree to the [Terms of Use](#) and [Privacy Policy](#).

MarketWatch.com: Stock Market Quotes - Business News - Financial News

Intraday data provided by [Interactive Data Real Time Services](#), a division of Interactive Data Corp. and subject to [terms of use](#). Historical and current end-of-day data provided by [Interactive Data Pricing and Reference Data](#). More information on [NASDAQ traded symbols](#) and their current financial status. Intraday data delayed 15 minutes for Nasdaq, and 20 minutes for other exchanges. Dow Jones Indexes(SM) from Dow Jones & Company, Inc. SEHK intraday data is provided by Comstock and is at least 60-minutes delayed. All quotes are in local exchange time. Real-time last sale data provided by NASDAQ.